

Page 1	Page 3
<p>1 (9:05 a.m.)</p> <p>2 JANUARY 15, 2013</p> <p>3 CHAIRMAN:</p> <p>4 Q. Before we start, I think there's a preliminary</p> <p>5 matter we got to deal with, Madam Solicitor.</p> <p>6 MS. GLYNN:</p> <p>7 Q. It's just a housekeeping item, Mr. Chairman.</p> <p>8 Order No. PU 43 2009, which is the last GRA</p> <p>9 Order, we are going to enter that as a consent</p> <p>10 exhibit.</p> <p>11 CHAIRMAN:</p> <p>12 Q. I believe we're back to Madam Perry, Mr.</p> <p>13 Kelly, and I believe you are in charge.</p> <p>14 KELLY, Q.C.:</p> <p>15 Q. Thank you, Mr. Chairman.</p> <p>16 CHAIRMAN:</p> <p>17 Q. Insofar as anybody is ever in charge.</p> <p>18 MS. JOCELYN PERRY - EXAMINATION BY KELLY, Q.C.:</p> <p>19 Q. I assume I only speak for this piece.</p> <p>20 Ultimately, the control is in the Board. Mr.</p> <p>21 Chairman, there were a couple of questions</p> <p>22 that arose the last day with respect to</p> <p>23 executive compensation, so before I turn Ms.</p> <p>24 Perry over for cross-examination, I'm just</p> <p>25 going to go back and deal with those couple of</p>	<p>1 MS. PERRY:</p> <p>2 A. Yes, I can. No executive or manager would</p> <p>3 earn anything more if the return on equity was</p> <p>4 set at 10.4 percent. Newfoundland Power's</p> <p>5 senior management salaries and benefits are</p> <p>6 established relative to market benchmarks.</p> <p>7 These benchmarks do not consider the company's</p> <p>8 allowed or earned returns on equity. The only</p> <p>9 part of Newfoundland Power's senior management</p> <p>10 compensation program which relates to return</p> <p>11 on equity is the earnings target used for the</p> <p>12 short term incentive for the STI planned. The</p> <p>13 earnings target used for STI purposes by the</p> <p>14 company has always reflected the regulated</p> <p>15 return on equity approved from time to time by</p> <p>16 this Board. If Newfoundland Power achieves</p> <p>17 the regulated return on equity approved by the</p> <p>18 Board, then its executives and managers will</p> <p>19 achieve 100 percent of the target for earnings</p> <p>20 within the STI program. Establishing the</p> <p>21 return on equity target for the STI plan to</p> <p>22 reflect the return on equity approved by the</p> <p>23 Board recognizes that the return on equity</p> <p>24 allowed by the Board by regulatory purposes is</p> <p>25 not a guaranteed return. The earnings target</p>
Page 2	Page 4
<p>1 questions. Ms. Perry, I understand you are</p> <p>2 the Vice President at Newfoundland Power who</p> <p>3 has responsibility for human resource matters?</p> <p>4 MS. PERRY:</p> <p>5 A. Yes, I am.</p> <p>6 KELLY, Q.C.:</p> <p>7 Q. And you're familiar with the structure of the</p> <p>8 company's executive compensation program?</p> <p>9 MS. PERRY:</p> <p>10 A. Yes, it's part of my responsibility to prepare</p> <p>11 the materials for Newfoundland Power's Board</p> <p>12 of Directors, which relate to compensation for</p> <p>13 the company's executive.</p> <p>14 KELLY, Q.C.:</p> <p>15 Q. Now there was a question from the consumer</p> <p>16 advocate. We'll find it on page 82 at lines 6</p> <p>17 to 13 of the transcript, and Mr. Ludlow was</p> <p>18 asked - page 82, if you'll go down a little</p> <p>19 bit further. There you go. Mr. Ludlow was</p> <p>20 asked by the consumer advocate what it would</p> <p>21 mean in terms of extra compensation for</p> <p>22 executives and managers if the Board were to</p> <p>23 allow the 10.4 percent return on equity</p> <p>24 proposed by Newfoundland Power in this</p> <p>25 Application. Can you address that question?</p>	<p>1 in the STI plan exists to incent senior</p> <p>2 management to achieve the return on equity</p> <p>3 approved by the Board for rate making</p> <p>4 purposes. So if this Board approved</p> <p>5 Newfoundland Power's proposed return on equity</p> <p>6 of 10.4 percent for 2013, the company's STI</p> <p>7 earnings target will reflect a regulated</p> <p>8 return on equity of 10.4 percent for 2013. If</p> <p>9 the company earns 10.4 percent return on</p> <p>10 equity, then the STI plan would indicate that</p> <p>11 100 percent of the earnings target has been</p> <p>12 met. If on the other hand, the Board allows a</p> <p>13 return on equity for 2013 of 9.5 percent, then</p> <p>14 the earnings STI earnings target will reflect</p> <p>15 a return on equity of 9.5 percent. If the</p> <p>16 company earns 9.5 percent for 2013, then the</p> <p>17 STI plan would indicate that 100 percent of</p> <p>18 the earnings target has been met. Since the</p> <p>19 earnings target used in the STI plan reflects</p> <p>20 a return on equity approved by the Board for</p> <p>21 regulatory purposes, senior management will be</p> <p>22 no better or worse off if the Board were to</p> <p>23 establish a return on equity for rate making</p> <p>24 purposes of 10.4 percent, or some other</p> <p>25 amount. The Board permits only the target STI</p>

Page 5	Page 7
<p>1 plan amount to be included in the revenue 2 requirement. Any amounts paid in excess of 3 STI targets are effectively funded by the 4 shareholder.</p> <p>5 KELLY, Q.C.: 6 Q. Okay. Now next there was a question or a 7 discussion that took place with the Chair of 8 the Board. If we go to page 141, Chris, at 9 line 23 - there we go. There was a discussion 10 with Mr. Ludlow about the amount of executive 11 compensation which was paid for by the rate 12 payers of Newfoundland Power. Do rate payers 13 fund the total compensation paid to 14 Newfoundland Power executives?</p> <p>15 MS. PERRY: 16 A. No, they do not. At Newfoundland Power's last 17 general rate hearing in 2009, Karl Aboud of 18 HAY Group indicated that the company's total 19 compensation included four key components. 20 That would be the salary, STI, long term 21 incentives, and benefits. It is Newfoundland 22 Power's total compensation which is 23 benchmarked to the 50th percentile of the 24 Canadian commercial industrial group. 25 Newfoundland Power's rate payers have never</p>	<p>1 CHAIRMAN: 2 Q. Okay.</p> <p>3 MS. PERRY: 4 A. As the value of the stock options.</p> <p>5 CHAIRMAN: 6 Q. Sure, okay.</p> <p>7 KELLY, Q.C.: 8 Q. Thank you, Mr. Chairman. The witness is 9 available for cross-examination.</p> <p>10 CHAIRMAN: 11 Q. Mr. Johnson, sir.</p> <p>12 MS. JOCELYN PERRY - EXAMINATION BY MR. JOHNSON: 13 MR. JOHNSON: 14 Q. Ms. Perry, Newfoundland Power, I'm sure you're 15 aware, would have to go back quite a while 16 over its books to find a year where it did not 17 earn its allowed return, correct?</p> <p>18 MS. PERRY: 19 A. I think that's a fair statement, yes.</p> <p>20 MR. JOHNSON: 21 Q. And I believe 1995, some 17/18 years ago would 22 have been the last year, is that correct?</p> <p>23 MS. PERRY: 24 A. I'd have to check that, but around that time.</p> <p>25 MR. JOHNSON:</p>
Page 6	Page 8
<p>1 paid the cost of Newfoundland Power's 2 executive's long term incentives. The cost of 3 these incentives which are in the form of 4 options to buy common shares of Fortis Inc., 5 are borne by Fortis Inc. In 2011, the value 6 of these stock options were approximately 7 160,000 for Mr. Ludlow, 53,000 for Mr. Smith, 8 and 48,000 for each of myself and Mr. Alteen. 9 Given that Fortis Inc. contributes to this 10 extent, it is clear that the company's rate 11 payers do not fund the total compensation paid 12 to Newfoundland Power's executives. This 13 level of shareholder contributions to 14 executive compensation is consistent with that 15 which has existed for Newfoundland Power for 16 well over a decade.</p> <p>17 KELLY, Q.C.: 18 Q. Thank you, Ms. Perry. Does that conclude your 19 additional testimony?</p> <p>20 MS. PERRY: 21 A. Yes, it does.</p> <p>22 CHAIRMAN: 23 Q. But those were dollars, not shares?</p> <p>24 MS. PERRY: 25 A. That's dollars, that's dollars.</p>	<p>1 Q. Around that time, and just to - if we could 2 pull up CA-NP-381, in that regard. In this 3 question the company was asked in part, (a) to 4 provide the allowed ROE and actual ROE earned 5 by Newfoundland Power since 1990. I take it 6 you probably would have had a hand in 7 preparing this response?</p> <p>8 MS. PERRY: 9 A. Yes, I've seen this response.</p> <p>10 MR. JOHNSON: 11 Q. Can you confirm for the record that this would 12 indicate that in each and every year since 13 1996, Newfoundland Power has earned greater 14 than its allowed ROE?</p> <p>15 MS. PERRY: 16 A. I can confirm that Newfoundland Power has 17 earned within its allowed range of return, 18 yes, since 1995.</p> <p>19 MR. JOHNSON: 20 Q. Okay, but there is an actual - there's an 21 allowed and an actual column, and would you - 22 you wouldn't take exception that since 1996 23 the actual ROE has been in excess of the 24 allowed ROE because it's stated there and it's 25 obvious?</p>

Page 9	Page 11
<p>1 MS. PERRY:</p> <p>2 A. Yes, I would agree. I'm just saying that -</p> <p>3 but the actual ROE's are within the allowed</p> <p>4 range of return for Newfoundland Power.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. Right, and if we could turn up Grant</p> <p>7 Thornton's report, the financial consultant's</p> <p>8 report that was prepared for the Board and</p> <p>9 reviewed this Application. I believe that</p> <p>10 would be Consent # 2, in particular, page 19.</p> <p>11 MS. GLYNN:</p> <p>12 Q. If you'll go under the Board expert evidence,</p> <p>13 Chris, expert evidence for - there you go.</p> <p>14 What was the page reference again, Tom, Mr.</p> <p>15 Johnson?</p> <p>16 MR. JOHNSON:</p> <p>17 Q. Page 19.</p> <p>18 MR. KIRBY:</p> <p>19 Q. 19.</p> <p>20 (9:15 a.m.)</p> <p>21 MR. JOHNSON:</p> <p>22 Q. And just scroll down a little bit further.</p> <p>23 I'm just bringing your attention to the</p> <p>24 section on return on rate base, lines 21 to</p> <p>25 28, and in particular the chart which shows</p>	<p>1 base over the last several years?</p> <p>2 MS. PERRY:</p> <p>3 A. I'm not sure I understand your question, Mr.</p> <p>4 Johnson.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. If we could go to page 21 of the Grant</p> <p>7 Thornton report. Grant Thornton - if we could</p> <p>8 go even a little bit further, so we can see</p> <p>9 the years on the bottom. Grant Thornton has</p> <p>10 graphed - provides a graphic illustration on</p> <p>11 the return on average common equity and</p> <p>12 average rate base over the period from 2007 to</p> <p>13 2014?</p> <p>14 MS. PERRY:</p> <p>15 A. Yes, I see that.</p> <p>16 MR. JOHNSON:</p> <p>17 Q. And what I'm bringing your attention to, and</p> <p>18 for those who are looking at the computer</p> <p>19 generated, is that the pink line is the return</p> <p>20 on average rate base and the blue line is the</p> <p>21 return on average common equity. The</p> <p>22 proposition I'm putting to you is that your</p> <p>23 proposed or your company's proposed ROE for</p> <p>24 2013 and 2014 are out of line with the spreads</p> <p>25 that we have seen over the last - well, to</p>
Page 10	Page 12
<p>1 the actual return on average rate base, the</p> <p>2 upper end of the range set by the Board, the</p> <p>3 lower end of the range, and so since this</p> <p>4 Board heard the last GRA in 2009, the company</p> <p>5 has earned above the midpoint of the range of</p> <p>6 return on rate base in 2010, right?</p> <p>7 MS. PERRY:</p> <p>8 A. Yes, that is correct.</p> <p>9 MR. JOHNSON:</p> <p>10 Q. And they earned - the company earned to the</p> <p>11 upper limit in 2011?</p> <p>12 MS. PERRY:</p> <p>13 A. That is correct.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. So 8.14 in a range of 7.78 to 8.14, and the</p> <p>16 company's expected to earn again within the</p> <p>17 range in 2012?</p> <p>18 MS. PERRY:</p> <p>19 A. Yes, that is correct.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. And, Ms. Perry, would you agree with me that</p> <p>22 Newfoundland Power's proposed 2013 and 2014</p> <p>23 return on equity of 10.4 and 10.5 are out of</p> <p>24 line with the spreads between Newfoundland</p> <p>25 Power's return on equity and return on rate</p>	<p>1 2007 in this table. Would you agree with</p> <p>2 that?</p> <p>3 MS. PERRY:</p> <p>4 A. I will agree that the difference is more.</p> <p>5 However, the 2013 and 2014 is based on the</p> <p>6 proposed 10.4 that we've put forward in this</p> <p>7 Application. I mean, every so many number of</p> <p>8 years Newfoundland Power evaluates all their</p> <p>9 costs and cost of capital is one of those</p> <p>10 costs that we evaluate.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. But there'd be no doubt that if this Board</p> <p>13 were to accede to the company's request of a</p> <p>14 10.4 percent return on common equity in 2013</p> <p>15 and higher again in 2014, that this would be</p> <p>16 the result of the spreads between the return</p> <p>17 on rate base and return on equity?</p> <p>18 MS. PERRY:</p> <p>19 A. Yes, that is correct.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. And based on this graphic presentation, if</p> <p>22 that result were to happen, it would produce</p> <p>23 an anomalous result relative to what we've</p> <p>24 seen since 2007?</p> <p>25 MS. PERRY:</p>

Page 13	Page 15
<p>1 A. I'm not sure I'd describe it as such. It's a</p> <p>2 factor of how out rate base is growing and the</p> <p>3 mathematical difference, shall I say, between</p> <p>4 rate of return on rate base and return on</p> <p>5 average common equity, but, you know, what we</p> <p>6 are here to deliberate is a fair and</p> <p>7 reasonable return on equity for Newfoundland</p> <p>8 Power and what that translates into a return</p> <p>9 on rate base, it will fall out from that.</p> <p>10 MR. JOHNSON:</p> <p>11 Q. Ms. Perry, the 10.4 percent request, and 10.5</p> <p>12 percent for 2014, you'll acknowledge that</p> <p>13 would be the highest in Canada. If you were</p> <p>14 given that, that would be the highest, right,</p> <p>15 for a regulated utility?</p> <p>16 MS. PERRY:</p> <p>17 A. I believe so, and I would like to make a</p> <p>18 correction. The proposal was 10.4 percent for</p> <p>19 both 2013 and 2014.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. Okay, and Mr. Ludlow, in his evidence</p> <p>22 indicated that - he stated that the ROE must</p> <p>23 be fair to Newfoundland Power and to the</p> <p>24 customer. You were here when he said that?</p> <p>25 MS. PERRY:</p>	<p>1 the proposal that we've put forth has been put</p> <p>2 forth from expert witnesses, and it's in line</p> <p>3 with maintaining Newfoundland Power's</p> <p>4 financial integrity, and that's good for</p> <p>5 customers.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. Okay, and so part of it is driven - part of</p> <p>8 the fairness equation is driven by the fact</p> <p>9 that your expert witnesses have recommended</p> <p>10 the number, I take it?</p> <p>11 MS. PERRY:</p> <p>12 A. Certainly, yes.</p> <p>13 MR. JOHNSON:</p> <p>14 Q. And part of it is driven by the fact that you</p> <p>15 think it puts you - well, in fact, in excess</p> <p>16 of where Fortis BC is?</p> <p>17 MS. PERRY:</p> <p>18 A. No, the proposal was based certainly on the</p> <p>19 expert's proposal. That's first and foremost.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. Okay, and what's the tie in to Fortis BC then?</p> <p>22 MS. PERRY:</p> <p>23 A. I'm simply saying that if I had to look across</p> <p>24 the country and look at what other</p> <p>25 distribution electric utilities are earning,</p>
Page 14	Page 16
<p>1 A. Yes, I was.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. And I would like for you to fully explain how</p> <p>4 a request to have 10.4 percent return on</p> <p>5 equity, being the highest in the country,</p> <p>6 fully explain how that request should be</p> <p>7 considered to be fair for your customers?</p> <p>8 MS. PERRY:</p> <p>9 A. Mr. Chairman, as I said earlier, we go through</p> <p>10 this process every few years where we evaluate</p> <p>11 the cost of capital for Newfoundland Power,</p> <p>12 and evidence is brought before this Board by</p> <p>13 expert witnesses that lay out an appropriate</p> <p>14 and fair return for Newfoundland Power. We've</p> <p>15 engaged two experts. Both experts have</p> <p>16 indicated that the range of return is 10.4 or</p> <p>17 10.5. The 10.4, yes, I appreciate that it may</p> <p>18 be the highest. When we look across the</p> <p>19 country, I do look at Fortis BC, they're</p> <p>20 currently at 9.9 percent, and certainly the</p> <p>21 10.4 percent does set Newfoundland Power up</p> <p>22 with respect to its financial matrix and its</p> <p>23 financial profile, such that the credit</p> <p>24 ratings that fall from it simply support the</p> <p>25 rating that we have today. So I think that</p>	<p>1 and other distribution companies across</p> <p>2 Canada, I'm saying that there's one utility in</p> <p>3 British Columbia that's currently earning 9.9</p> <p>4 percent.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. And you were here yesterday, and I understand</p> <p>7 that Ms. McShane confirmed that that company</p> <p>8 is not a distribution company, but it's a</p> <p>9 vertically integrated company?</p> <p>10 MS. PERRY:</p> <p>11 A. Fortis BC Energy or Fortis BC Electric?</p> <p>12 MR. JOHNSON:</p> <p>13 Q. Fortis BC Electric.</p> <p>14 MS. PERRY:</p> <p>15 A. Yes.</p> <p>16 MR. JOHNSON:</p> <p>17 Q. Is that the 9.9 that you're referring to?</p> <p>18 MS. PERRY:</p> <p>19 A. Yes.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. Yeah, and that's a vertically integrated</p> <p>22 company?</p> <p>23 MS. PERRY:</p> <p>24 A. I believe so, yes.</p> <p>25 MR. JOHNSON:</p>

Page 17	Page 19
<p>1 Q. And in your mind, would it be relevant for the</p> <p>2 Board to consider the difference between a</p> <p>3 vertically integrated company and a</p> <p>4 distribution poles and wires company like</p> <p>5 Newfoundland Power?</p> <p>6 MS. PERRY:</p> <p>7 A. I look at this pretty simplistically when I</p> <p>8 compare Newfoundland Power to other businesses</p> <p>9 across Canada. I mean, I'd look at Fortis BC</p> <p>10 Electric, and they're a regulated utility,</p> <p>11 they have regulated assets, they are similar -</p> <p>12 well, they are bigger than us. They have cost</p> <p>13 of service regulation, they have reserve</p> <p>14 mechanisms, such as Newfoundland Power, so I</p> <p>15 evaluate companies on that basis. I'll leave</p> <p>16 it up to Ms. McShane and Dr. Vander Weide with</p> <p>17 respect to comparable companies to include for</p> <p>18 comparison of fair returns for Newfoundland</p> <p>19 Power.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. So when Newfoundland Power states in its reply</p> <p>22 to one of the PUB's staff question about who</p> <p>23 you compare it to, did you have a hand in</p> <p>24 preparing that response?</p> <p>25 MS. PERRY:</p>	<p>1 MS. PERRY:</p> <p>2 A. Exhibit 6, and Exhibit 3, I guess, we'll need</p> <p>3 two of them. If you look at Exhibit 6 and you</p> <p>4 look at lines 34, 35, and 36, under the</p> <p>5 proposed for 2013, you'll see that the</p> <p>6 interest coverage is 2.6, and that would be up</p> <p>7 from 2.3 in 2012.</p> <p>8 MR. JOHNSON:</p> <p>9 Q. Uh-hm.</p> <p>10 MS. PERRY:</p> <p>11 A. You'll see the CFO to interest to be 3.6</p> <p>12 times. This is up from 3.2. Then you'll see</p> <p>13 the CFO to debt percentage to be 18.3, and</p> <p>14 that's up from 15.7.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. Uh-hm.</p> <p>17 MS. PERRY:</p> <p>18 A. And then you'll notice that they're somewhat</p> <p>19 similar, but slight decrease in the CFO to</p> <p>20 debt as you go out into 2014 down to 16.4,</p> <p>21 over in the last column. When I look at the</p> <p>22 proposed matrix here, Moody's has indicated</p> <p>23 that the CFO to interest range should be in</p> <p>24 the low 3's. So the proposal is 3.4 - 3.6 and</p> <p>25 3.4.</p>
Page 18	Page 20
<p>1 A. Yes, I'm familiar with that response, yes.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. And when you said that Newfoundland Power</p> <p>4 would be comparable with Fortis BC, you want</p> <p>5 to be very clear that you're only saying that</p> <p>6 because you're both regulated utilities, you</p> <p>7 both are under cost of service, but it was a</p> <p>8 pretty high level assessment?</p> <p>9 MS. PERRY:</p> <p>10 A. And it would be, Mr. Chairman. I mean, I'm</p> <p>11 not privy to all of the operational day to day</p> <p>12 runnings of Fortis BC, so, yes, it is at a</p> <p>13 high level.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. And in terms of your reference to what 10.4</p> <p>16 percent would do to your company's matrix,</p> <p>17 credit matrix, etc., you would confirm that</p> <p>18 that would bring your matrix up quite</p> <p>19 considerably higher than what they are in</p> <p>20 2012, for instance?</p> <p>21 MS. PERRY:</p> <p>22 A. Well, if I - if we turn to Exhibit - I'll get</p> <p>23 the exhibit number.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. Three?</p>	<p>1 MR. JOHNSON:</p> <p>2 Q. Uh-hm.</p> <p>3 MS. PERRY:</p> <p>4 A. And CFO to debt, the range that they provide</p> <p>5 is 15 to 17, and I see here that by the end of</p> <p>6 2014, we'll be at 16.4. So we're within the</p> <p>7 ranges that -</p> <p>8 MR. JOHNSON:</p> <p>9 Q. And I intend to have a discussion with you</p> <p>10 about Moody's, but my point is you have spoken</p> <p>11 about part of the reason why a rate payer</p> <p>12 would consider your request on equity fair is</p> <p>13 because of its impact on financial matrix and</p> <p>14 financial integrity of the company, but, Ms.</p> <p>15 Perry, it's beyond dispute, is it not, that</p> <p>16 over the period from 2007, 2008, 2009, 2010,</p> <p>17 2011, that the financial integrity of</p> <p>18 Newfoundland Power has been very much intact,</p> <p>19 correct?</p> <p>20 MS. PERRY:</p> <p>21 A. Yes, it has, I would confirm that.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. At significantly lower ROEs than what you're</p> <p>24 putting forward in this case?</p> <p>25 MS. PERRY:</p>

Page 21	Page 23
<p>1 A. Yes, I would agree that the financial 2 integrity has been maintained. Certainly 3 during the last rate case, there were concerns 4 about our decreasing matrix in the 2009 5 hearing, and coming out of that hearing the 6 matrix that you see in 2010, if you go to 7 Exhibit 3 - so if you go down to lines 37, 38, 8 and 39, you will note that - and 2010 is a 9 good reflection of how we were set up, I 10 guess, from a financial matrix perspective 11 coming out of the last rate case, and so the 12 interest coverage was 2.4, the CFO to interest 13 was 3.4, and the CFO to debt was 17.6. So 14 those matrix itself is not materially 15 different than the matrix that we're proposing 16 here in this Application.</p> <p>17 MR. JOHNSON:</p> <p>18 Q. But Ms. Perry, you're aware that return on 19 equity has got to be fair to equity holder, 20 and you're well familiar with the proposition 21 that we don't key off a fair return on equity 22 to a particular matrix, do we?</p> <p>23 MS. PERRY:</p> <p>24 A. That is true, yes.</p> <p>25 MR. JOHNSON:</p>	<p>1 one, would we - would we then do an extra step 2 and say, oh, yes, but, you know, we really 3 have to adjust Newfoundland Power's 8 which 4 would be fair to the equity investor, we'd 5 have to adjust that up because we've got to 6 cover off these matrix. That's not your 7 proposition, is it?</p> <p>8 MS. PERRY:</p> <p>9 A. My understanding, Mr. Chairman, is that one of 10 the requirements of a fair return is that it 11 should maintain the company's financial 12 integrity, and if it was felt that the 13 financial matrix of Newfoundland Power were 14 not sufficient to maintain that, then I think 15 the two are connected.</p> <p>16 MR. JOHNSON:</p> <p>17 Q. And would - under that logic, though, would 18 the equity holder in Newfoundland Power be 19 better off than they really ought to be, would 20 they? Wouldn't that follow, because you're 21 saying to the equity investor in Newfoundland 22 Power, look, if we're looking at two equal 23 companies that we don't have to make 24 adjustments to, and you deserve 8, but, you 25 know, we've got to do something with the</p>
Page 22	Page 24
<p>1 Q. In fact, it would be not appropriate, would 2 it, to tie or allow ourselves to determine 3 what a fair ROE was by what a particular 4 credit matrix would result from that ROE?</p> <p>5 MS. PERRY:</p> <p>6 A. I disagree with that concept. I think that 7 one of the requirements of a fair return is 8 that it should maintain a company's financial 9 integrity. So I think while debt rating 10 agencies are not going to come out and say 11 what a fair return should be for an equity 12 holder, the return does matter to the matrix. 13 The matrix matter to the financial integrity 14 and that is one of the requirements of a fair 15 return.</p> <p>16 (9:30 a.m.)</p> <p>17 MR. JOHNSON:</p> <p>18 Q. Let's put it this way, Ms. Perry, if for the 19 sake of argument we could conclude that a 20 return based on Newfoundland Power's profile 21 as compared to a company that has a similar 22 profile that we wouldn't have to make all 23 sorts of adjustments to, if we could say an 24 equity investor in this company deserves 8 25 percent, and they deserve 8 percent in that</p>	<p>1 financial matrix, so we're going to give you 2 more, is that the proper response?</p> <p>3 MS. PERRY:</p> <p>4 A. I think it is.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. Okay.</p> <p>7 MS. PERRY:</p> <p>8 A. In the fact that if Newfoundland Power were to 9 jeopardize its financial integrity, and let's 10 just say be downgraded, that in essence will 11 cost consumers a lot more and it certainly - I 12 can't see how that would benefit the company 13 or the customers in the long run, and again - 14 now unless I'm mistaken, my understanding is 15 that one of the requirements of a fair return 16 is that it should maintain a company's 17 financial integrity.</p> <p>18 MR. JOHNSON:</p> <p>19 Q. Yes, but isn't one of the other principles of 20 a fair return that the return be comparable to 21 an equal risk company, or to an investment 22 that you can get in a comparable investment? 23 Isn't that part of the fair return too?</p> <p>24 MS. PERRY:</p> <p>25 A. Certainly it is, but I think they are related,</p>

Page 25	Page 27
<p>1 they come together. There's more than one</p> <p>2 requirement of a fair return, from what I</p> <p>3 understand.</p> <p>4 MR. JOHNSON:</p> <p>5 Q. And I'm aware of that, but what I'm trying to</p> <p>6 dial in on, is it Newfoundland Power's</p> <p>7 proposition that we might have to tinker</p> <p>8 upward with what would otherwise be considered</p> <p>9 a fair return on common equity in order to</p> <p>10 meet a credit matrix, in order to preserve the</p> <p>11 financial integrity, and if so, would that not</p> <p>12 give an equity investor in Newfoundland Power</p> <p>13 an advantage or a benefit over an investor - a</p> <p>14 common equity investor in a like company?</p> <p>15 MS. PERRY:</p> <p>16 A. I'm disagreeing with, I guess, the concept</p> <p>17 that - I think the two go hand in hand. If</p> <p>18 the utility is awarded a fair return, it</p> <p>19 should preserve its financial integrity. I</p> <p>20 mean, I don't know of a situation where at the</p> <p>21 end of the day - if a return was issued and</p> <p>22 7.5 percent was viewed as a fair return as Dr.</p> <p>23 Booth's proposal is, and the financial matrix</p> <p>24 were below that indicated by Moody's as</p> <p>25 acceptable, once that order were granted by</p>	<p>1 consideration of the determination of a fair</p> <p>2 return.</p> <p>3 MR. JOHNSON:</p> <p>4 Q. Okay, but you would not consider, I take it,</p> <p>5 that it would be appropriate for an equity</p> <p>6 investor in Newfoundland Power to get a return</p> <p>7 over and above what an equity investor in a</p> <p>8 comparable risk enterprise should get just by</p> <p>9 merit of the fact that we've got to concern</p> <p>10 ourselves with credit matrix for Newfoundland</p> <p>11 Power?</p> <p>12 MS. PERRY:</p> <p>13 A. I think it's a fair observation that a utility</p> <p>14 with similar risk, an equity holder should get</p> <p>15 a return on comparable risk utilities, yes,</p> <p>16 but if the return is in some way jeopardizing</p> <p>17 the financial integrity of the company, I</p> <p>18 think it all has to be considered in the</p> <p>19 determination of a fair return.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. I'm going to move on, but I just need to</p> <p>22 really understand this point, would you ever</p> <p>23 suggest, though, that if this Board were</p> <p>24 satisfied that, say, 7 percent is a fair</p> <p>25 return on common equity for Newfoundland</p>
Page 26	Page 28
<p>1 the Board, we would have to take a hard look</p> <p>2 at that because we're not preserving the</p> <p>3 financial integrity of Newfoundland Power, and</p> <p>4 for me the two would have to go hand in hand.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. Well, let's flip it the other way then. What</p> <p>7 if we said all Moody's requires is "x" in</p> <p>8 terms of cashflow, interest coverage, and the</p> <p>9 other matrix, and if we arrived at a return on</p> <p>10 equity that produced - that covered us off in</p> <p>11 terms of what Moody's was concerned about,</p> <p>12 well, then that might mean that equity</p> <p>13 investors in Newfoundland Power could live</p> <p>14 with a lot less than what they're asking for.</p> <p>15 Would that be fair?</p> <p>16 MS. PERRY:</p> <p>17 A. No, that would not be fair.</p> <p>18 MR. JOHNSON:</p> <p>19 Q. Okay, because I thought I was just asking you</p> <p>20 the corollary of that.</p> <p>21 MS. PERRY:</p> <p>22 A. No, I guess - so I can explain, I believe that</p> <p>23 a utility is entitled to a fair return, and</p> <p>24 that fair return should maintain the financial</p> <p>25 integrity of the company, and it should be a</p>	<p>1 Power, would they ever - should they ever</p> <p>2 entertain, in your view, giving you, say, 8</p> <p>3 percent or maybe 8.5 if it preserved what you</p> <p>4 would term as the financial integrity of the</p> <p>5 company?</p> <p>6 MS. PERRY:</p> <p>7 A. I think it's one of the standards of a fair</p> <p>8 return standard that it should maintain the</p> <p>9 financial integrity of Newfoundland Power and</p> <p>10 it should be a consideration, yes.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. So never mind a consideration, you would</p> <p>13 suggest that if it was necessary to preserve</p> <p>14 financial integrity, that an equity investor</p> <p>15 who otherwise would be entitled to 7, should</p> <p>16 probably get 8 or 8.5?</p> <p>17 MS. PERRY:</p> <p>18 A. Yes, I do.</p> <p>19 MR. JOHNSON:</p> <p>20 Q. Okay. I just need to understand your position</p> <p>21 on the point. We heard yesterday from Ms.</p> <p>22 McShane that she regards that the cost of</p> <p>23 equity for Newfoundland Power has declined</p> <p>24 from the last General Rate Application.</p> <p>25 You've heard that evidence?</p>

Page 29	Page 31
<p>1 MS. PERRY:  2 A. Yes, I did.  3 MR. JOHNSON:  4 Q. And you indicated that you hire advisors and  5 experts, etc., so I expect that you accept  6 that judgment?  7 MS. PERRY:  8 A. Yes, I respect the expert's opinion, yes.  9 MR. JOHNSON:  10 Q. And the 9 percent return that Newfoundland  11 Power earned or was allowed in its 2010 GRA,  12 was that a fair and just return? You just  13 brought us through the table which indicated  14 that it improved matrix and that sort of  15 thing. Was that a fair and just return for  16 Newfoundland Power?  17 MS. PERRY:  18 A. Well, the Board decides on what a fair return  19 is for Newfoundland Power, and the way I see  20 it simply is that once the evidence has been  21 heard, and I respect that there's evidence  22 brought forward on both sides to deliberate  23 the cost of capital issue. Once that's done,  24 the Board determines and orders what they deem  25 to be a fair and reasonable return for</p>	<p>1 Q. So is it a matter of principle that you cannot  2 say whether a return would be fair?  3 MS. PERRY:  4 A. Mr. Chairman, I'm certainly not a cost of  5 capital expert and that was validated for me  6 yesterday. However, again I look at it very  7 simplistically. I'll look across the country,  8 I'll look around North America and just see  9 other returns. We'll all guilty of looking  10 over our shoulder. That's certainly not how a  11 fair return is determined, but it's certainly  12 a way that I will evaluate the reasonableness  13 of the order that we've been granted, and 9  14 percent was - at that particular time we  15 accepted it. When we moved into 2011 and the  16 return dropped to 8.38 and it was the lowest  17 in the country, I tend to make more of a grand  18 statement that that's not a fair return based  19 on my simplistic view of looking across the  20 country, that we were the lowest actually in  21 North America, but I do leave the ultimate  22 decision of a fair return up to the Board.  23 MR. JOHNSON:  24 Q. So would it be fair to - because I think you  25 indicated, although it's not in your company</p>
Page 30	Page 32
<p>1 Newfoundland Power. Newfoundland Power has to  2 evaluate the order in its entirety, and I  3 guess, fundamentally, we have only a couple of  4 choices, which is to accept the return, which  5 is what we've done, or object, and in that  6 case we accepted, but in terms of what is  7 deemed to be fair, I'm going to let the Board  8 hear the evidence and decide what an  9 appropriate return is.  10 MR. JOHNSON:  11 Q. I understand, obviously, that's the province  12 of the Board, but does Newfoundland Power have  13 an opinion as to a judgment as to whether its  14 return that was allowed the last time in 2009  15 GRA was fair?  16 MS. PERRY:  17 A. No, Mr. Chairman, I don't feel I can make that  18 observation. I think that we accepted the  19 return that was ordered by the Board. We  20 presented evidence and the consumer advocate  21 presented evidence on cost of capital, and the  22 Board decides what an appropriate and fair  23 return is for Newfoundland Power, and we  24 accepted the Board's Order at that time.  25 MR. JOHNSON:</p>	<p>1 evidence, the written company evidence that  2 you are sponsoring, there's no reference, Ms.  3 Perry, in the written evidence to Newfoundland  4 Power's submission, I don't believe, in your  5 Application that the 8.38 which would have  6 been the return on common equity permitted by  7 the formula, that that was unfair. There's no  8 reference in the Application to that, is  9 there? I didn't see it.  10 MS. PERRY:  11 A. I believe the 8.38 was deemed not to be - I'd  12 have to check that, Mr. Johnson.  13 MR. JOHNSON:  14 Q. If I could bring you to page 338. It starts  15 on 337. In the concluding section, it says -  16 are you there?  17 MS. PERRY:  18 A. Yes, I am.  19 MR. JOHNSON:  20 Q. "Section 80 of the Act entitles Newfoundland  21 Power to reasonable opportunity to earn a just  22 and reasonable return each year", and each  23 year is in italics, "and in the Order PU-43 of  24 2009, the Board ordered continued use of the  25 formula, as it believed financial market</p>



Page 33	Page 35
<p>1 conditions appear to be settling. The 8.38</p> <p>2 percent estimated cost of equity indicated by</p> <p>3 the formula for 2011 was the result of</p> <p>4 declining forecast long Canada Bond yields. It</p> <p>5 was also the lowest rate making return on</p> <p>6 equity awarded for a Canadian investor owned</p> <p>7 utility in 2011. The estimated cost of equity</p> <p>8 of 7.85 percent indicated by the formula for</p> <p>9 2012 did not constitute a fair return for</p> <p>10 Newfoundland Power. The August, 2012 consensus</p> <p>11 forecast indication of an estimated cost of</p> <p>12 equity of 7.53 percent for 2013 does not</p> <p>13 constitute a fair return for Newfoundland</p> <p>14 Power. Both are well below current rate making</p> <p>15 returns on equity for Canadian investor owned</p> <p>16 electric utilities". So while I see</p> <p>17 Newfoundland Power it its Application calling</p> <p>18 what was coming in by reason of the formula of</p> <p>19 7.85 and 7.53 unfair, I didn't see you stating</p> <p>20 in your Application that the 8.38 was unfair.</p> <p>21 MS. PERRY:</p> <p>22 A. I'm recalling that in my opening last Thursday</p> <p>23 that I did indicate at that time that I</p> <p>24 believed in my opinion that the 8.38 was not a</p> <p>25 fair return.</p>	<p>1 to me". We didn't have an expert opinion, but</p> <p>2 it didn't appear fair, given it was the lowest</p> <p>3 ROE in the country.</p> <p>4 MR. JOHNSON:</p> <p>5 Q. In the transcript, if we go there, it's at</p> <p>6 154, I believe, page 154, you were asked a</p> <p>7 question - it's at the bottom of page 153.</p> <p>8 The question is, "In 2011, the formula</p> <p>9 indicated an estimated return on equity of</p> <p>10 8.38 percent. Why didn't Newfoundland Power</p> <p>11 seek to suspend the operation of the formula</p> <p>12 for 2011". The answer, "Well, first of all,</p> <p>13 Newfoundland Power did not think the 8.38</p> <p>14 percent return on equity in 2011 was a fair</p> <p>15 return. It was significantly lower than the</p> <p>16 returns of other investor owned utilities",</p> <p>17 you said, and I was just - again that</p> <p>18 statement is not made in the company's</p> <p>19 evidence that you're formally sponsoring.</p> <p>20 MS. PERRY:</p> <p>21 A. I would have to confirm, but I'm not sure that</p> <p>22 it is.</p> <p>23 MR. JOHNSON:</p> <p>24 Q. Okay. So is it the company's position now</p> <p>25 that 8.38 is fair - is unfair?</p>
Page 34	Page 36
<p>1 MR. JOHNSON:</p> <p>2 Q. And this is precisely why I'm bringing you</p> <p>3 here because was - when you said that, and it</p> <p>4 was also said that you were sponsoring the</p> <p>5 testimony in this section of the Application,</p> <p>6 the finance section, where I didn't see that</p> <p>7 statement, I was - I had to ask you about it.</p> <p>8 So did you prepare this section?</p> <p>9 MS. PERRY:</p> <p>10 A. Yes, I did, I had a hand in it, yes.</p> <p>11 (9:45 a.m.)</p> <p>12 MR. JOHNSON:</p> <p>13 Q. A hand in it, and was there a reason why it</p> <p>14 was not stated in this that 8.38 was unfair?</p> <p>15 MS. PERRY:</p> <p>16 A. Well, for 2012 and 2013, Mr. Chairman, we have</p> <p>17 expert opinions which are indicating that the</p> <p>18 fair return for Newfoundland Power is</p> <p>19 something significantly above the 7.85 and the</p> <p>20 7.53, and also it's not in line with</p> <p>21 maintaining our financial integrity. So that</p> <p>22 one, I will agree, is a bit easier with</p> <p>23 respect to making the statement of a fair</p> <p>24 return. In my opening, I believe the exact</p> <p>25 words I used was, "The 8.38 didn't appear fair</p>	<p>1 MS. PERRY:</p> <p>2 A. Yes, that's the company's position, Mr.</p> <p>3 Chairman.</p> <p>4 MR. JOHNSON:</p> <p>5 Q. Okay, and what made it unfair?</p> <p>6 MS. PERRY:</p> <p>7 A. As I said earlier, Mr. Chairman, we did not</p> <p>8 have expert advice to tell us what a fair</p> <p>9 return was for 2011, but as a matter of</p> <p>10 principle, when I looked across the country</p> <p>11 and we were the lowest in the country, as I</p> <p>12 said, it didn't appear fair to me. I'm not a</p> <p>13 cost of capital expert, but it didn't appear</p> <p>14 fair to us, and what we were addressing in the</p> <p>15 opening was if it didn't appear fair and we</p> <p>16 didn't think it was fair, why did we not file</p> <p>17 at that time, and that's what I laid out in</p> <p>18 evidence as to why we decided not to file at</p> <p>19 that time.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. Okay. Well, certainly - but certainly we know</p> <p>22 this about your assertion that the 8.38</p> <p>23 percent wasn't fair, that assessment was not</p> <p>24 borne out of any evidence or expert analysis</p> <p>25 that Newfoundland Power availed of, that was</p>

Page 37	Page 39
<p>1 more along the line of compared to others, 2 correct?</p> <p>3 MS. PERRY:</p> <p>4 A. That's exactly what I said, yes.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. Okay. Mr. Ludlow indicated at page 45 of the 7 transcript - I'm just looking for it now. I 8 was asking him that question at line 10, "And 9 just to be clear, in 2001, when the company 10 made - just made slightly more than what you 11 are projected to make in 2012, that was a fair 12 return in 2011 and preserved the financial 13 integrity of the company", and Mr. Ludlow 14 answers, "2011", and I say, "Yes", and he 15 said, "Our return as stated, as I said 16 earlier, was whatever I - what we were saying 17 earlier, it was reasonable at that point in 18 time, yes". So you're drawing a distinction 19 between the allowed and what was achieved, but 20 you would consider what Mr. Ludlow said to be 21 accurate, that what was earned in 2011 was 22 reasonable and fair?</p> <p>23 MS. PERRY:</p> <p>24 A. I'm not sure that's what Mr. Ludlow meant by 25 that. I believe it had to do with preserving</p>	<p>1 MR. JOHNSON:</p> <p>2 Q. He says, "We have performed very well in the 3 past two or three years, and it has not had 4 any negative impact". So is there a distance 5 between you and Mr. Ludlow on this point?</p> <p>6 MS. PERRY:</p> <p>7 A. No -</p> <p>8 MR. JOHNSON:</p> <p>9 Q. He seems to be saying that the 2011 results 10 were good. He characterized 2011, "We 11 performed very well".</p> <p>12 MS. PERRY:</p> <p>13 A. Mr. Chairman, I would interpret, and I'm not 14 one to speak for Mr. Ludlow, so - but in terms 15 of how I would interpret this, "We performed 16 very well", we did perform very well. We had 17 an allowed return in 2011 of 8.38, and we 18 earned at the top of our range that year, yes. 19 So I would take that as meaning we performed 20 very well in that particular year. That 21 doesn't necessarily translate to me that we 22 agreed it was necessarily a fair return that 23 we were starting with, which was 8.38.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. Okay. You were here when Ms. McShane</p>
Page 38	Page 40
<p>1 the financial integrity of the company.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. Could I turn you to page 41. The question I 4 asked Mr. Ludlow right after saying good 5 morning to him, "You talked in your direct 6 with Mr. Kelly about Newfoundland Power's 7 returns over the last few years since the rate 8 case, but I take it that you would confirm, 9 Mr. Ludlow, would you not, that Newfoundland 10 Power itself believes that its financial 11 performance since the last general rate 12 Application through to 2012 has been 13 absolutely consistent with the company's 14 financial integrity", and Mr. Ludlow says, "I 15 would agree, Mr. Chairman, that we have 16 performed very well in the past two or three 17 years and it has not had a negative impact on 18 the financial integrity of the company". I 19 took it to mean in 2011 you performed very 20 well.</p> <p>21 MS. PERRY:</p> <p>22 A. I would agree that Mr. Ludlow's response is 23 agreeing that the financial performance in 24 2011 is consistent with maintaining the 25 financial integrity of the company.</p>	<p>1 testified yesterday. Could you indicate, 2 you're the CFO, about financing flotation 3 costs - could you fill us in, or fill me in at 4 least, on that concept?</p> <p>5 MS. PERRY:</p> <p>6 A. Well, I think I would be out of step if I 7 tried to interpret the adjustments that are 8 made to Ms. McShane's or Dr. Vander Weide's 9 cost of equity flotation costs, and I 10 understand both of them are different for 11 various reasons, but Ms. McShane explains what 12 the flotation costs are in her evidence, and 13 I'm not comfortable speaking to the nature of 14 those costs.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. So you're not in a position to say whether 17 flotation costs are higher than they were in 18 2009, for instance?</p> <p>19 MS. PERRY:</p> <p>20 A. In simply comparing Ms. McShane's evidence?</p> <p>21 MR. JOHNSON:</p> <p>22 Q. Well, I was just interested generally about 23 this flotation cost that gets referred to, and 24 you can't offer anything on that?</p> <p>25 MS. PERRY:</p>

Page 41	Page 43
<p>1 A. No, I cannot.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. Okay. Could I refer you to page 315 of the</p> <p>4 materials of the company, Ms. Perry, and at</p> <p>5 line 20, the company states that, "Risk is an</p> <p>6 assessment of the capability of an enterprise</p> <p>7 to recover its investment, as well as earn a</p> <p>8 return on that investment, and for regulated</p> <p>9 utilities such as Newfoundland Power, risk is</p> <p>10 generally considered to have business</p> <p>11 regulatory and financial elements", and the</p> <p>12 first line about the capability of an</p> <p>13 enterprise to recover its investment as well</p> <p>14 as earn a return on that investment, Dr.</p> <p>15 Booth, my expert witness, he says - he defines</p> <p>16 risk as the probability of incurring harm and</p> <p>17 he interprets this in the short run as failing</p> <p>18 to earn the allowed ROE, and the long run risk</p> <p>19 has the uncertainty of recovering the</p> <p>20 shareholder's investment in rape base. Would</p> <p>21 you accept that description as being</p> <p>22 reasonable?</p> <p>23 MS. PERRY:</p> <p>24 A. I think I would look at the ability to earn a</p> <p>25 return on the investment and to recover the</p>	<p>1 asks him or herself "did I earn the allowed</p> <p>2 ROE?" and that's made on an annual -- that's</p> <p>3 an annual determination.</p> <p>4 MS. PERRY:</p> <p>5 A. Yes, I believe it is.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. Right, and we've -</p> <p>8 MS. PERRY:</p> <p>9 A. But I will qualify that you don't make</p> <p>10 investment decisions based on your ability to</p> <p>11 only earn within one year.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. No, no, but let's put it this way, as we've</p> <p>14 seen from the earlier RFI reply this morning,</p> <p>15 going back to, I think it was 1996,</p> <p>16 Newfoundland Power has never failed to earn</p> <p>17 its allowed ROE, right?</p> <p>18 MS. PERRY:</p> <p>19 A. That's correct.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. And would that demonstrate to you Newfoundland</p> <p>22 Power's low risk nature?</p> <p>23 MS. PERRY:</p> <p>24 A. No. I would make the observation that</p> <p>25 Newfoundland Power has made -- earned within</p>
Page 42	Page 44
<p>1 investment both as long term risk, because</p> <p>2 once you invest in a company such as</p> <p>3 Newfoundland Power, you are into it for the</p> <p>4 long term. So I think I see it both as long</p> <p>5 term.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. But surely what Dr. Booth defines as the</p> <p>8 probability of incurring harm in the short run</p> <p>9 as failing to earn the allowed ROE, that would</p> <p>10 be risk, right?</p> <p>11 MS. PERRY:</p> <p>12 A. Certainly.</p> <p>13 MR. JOHNSON:</p> <p>14 Q. And that would be not long term risk, that</p> <p>15 would be short term risk, wouldn't it?</p> <p>16 MS. PERRY:</p> <p>17 A. I guess it depends, Mr. Chairman, how you're</p> <p>18 looking at it. I look at the risk from an</p> <p>19 equity perspective. If they're investing the</p> <p>20 company, they're into it for the long haul and</p> <p>21 so I look at the risk of earning a return each</p> <p>22 and every year.</p> <p>23 MR. JOHNSON:</p> <p>24 Q. And that's my point. Each and every year, you</p> <p>25 know, there's -- the investor, equity investor</p>	<p>1 its allowed range of return, which tells me</p> <p>2 that there's a couple of things happening.</p> <p>3 One is that we are set up appropriately as a</p> <p>4 utility with a reasonable opportunity to earn</p> <p>5 our return and secondly, that we're actually</p> <p>6 executing upon how we're structured and we're</p> <p>7 actually earning our return, because there's</p> <p>8 one thing to be provided the opportunity to</p> <p>9 earn the return and then there's the other</p> <p>10 thing of actually earning a return. So I</p> <p>11 think in general, utilities are considered low</p> <p>12 risk and I would consider that Newfoundland</p> <p>13 Power is very comparable to other utilities in</p> <p>14 our structure.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. In terms of the set-up appropriately to be</p> <p>17 given a reasonable opportunity, what are you</p> <p>18 referring to in that regard?</p> <p>19 MS. PERRY:</p> <p>20 A. Mr. Chairman, I think that's everything from</p> <p>21 timeliness of Board orders to regulatory</p> <p>22 mechanisms that allow us to recover prudently</p> <p>23 incurred costs between test years that sets us</p> <p>24 up from a regulatory efficiency point of view</p> <p>25 and just it provides Newfoundland Power with</p>

Page 45	Page 47
<p>1 that opportunity to earn a fair and reasonable</p> <p>2 return, which is good for Newfoundland Power</p> <p>3 and certainly good for Newfoundland Power's</p> <p>4 customers.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. So these types of things are significant risk</p> <p>7 mitigators obviously, these accounts, for</p> <p>8 instance, the ability to have timely</p> <p>9 recoveries?</p> <p>10 MS. PERRY:</p> <p>11 A. I will agree that regulatory mechanisms that</p> <p>12 permit timeliness of recovery reduces the</p> <p>13 exposure to those cost variances, but risk is</p> <p>14 a relative concept which we've displayed in</p> <p>15 our evidence, and relative to other utilities</p> <p>16 they're very common, they're very consistent.</p> <p>17 What I will say is that not all reserve</p> <p>18 mechanisms that we have is just simply about</p> <p>19 risk reduction of Newfoundland Power. We</p> <p>20 actually have an excess earnings account which</p> <p>21 is simply solely about Newfoundland Power's</p> <p>22 return, not risk.</p> <p>23 (10:00 a.m.)</p> <p>24 MR. JOHNSON:</p> <p>25 Q. And we'll talk about some of your accounts,</p>	<p>1 capital program. And I'll bring the Board</p> <p>2 back to 2010 when Igor actually happened and</p> <p>3 yes, we earned our return in that year, we</p> <p>4 did, but Igor was a big significant event. It</p> <p>5 was a little bit of -- I'm not sure I should</p> <p>6 say this, but good luck on our side in the</p> <p>7 fact that sales were higher than what we</p> <p>8 expected. But other than that, Newfoundland</p> <p>9 Power would have, in that particular year,</p> <p>10 certainly been at the lower end of its range</p> <p>11 of return.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. Still in all, it would have been a reasonable</p> <p>14 return, because anything in the range is</p> <p>15 reasonable.</p> <p>16 MS. PERRY:</p> <p>17 A. Well, it would have been below the allowed.</p> <p>18 MR. JOHNSON:</p> <p>19 Q. Pardon me?</p> <p>20 MS. PERRY:</p> <p>21 A. It would have been below the allowed return.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. If that had transpired. In terms of -- I'd</p> <p>24 like to bring you to a question that</p> <p>25 Newfoundland Power asked to Dr. Booth in</p>
Page 46	Page 48
<p>1 but given Newfoundland Power's set-up, as you</p> <p>2 call it, and the regulatory construct, and</p> <p>3 given, you know, the execution part of it, and</p> <p>4 that's common to any utility, and given</p> <p>5 Newfoundland Power's ability to earn the</p> <p>6 return since 1996 each and every single year,</p> <p>7 what could cause Newfoundland Power to fail to</p> <p>8 earn its allowed ROE in the future, given that</p> <p>9 it's essentially always earned it in the past?</p> <p>10 MS. PERRY:</p> <p>11 A. Mr. Chairman, Newfoundland Power is very much</p> <p>12 like a normal business in so many ways and we,</p> <p>13 from a financial risk perspective, we still</p> <p>14 take the risk of forecast risk between test</p> <p>15 years. We take the risk with respect to</p> <p>16 management of our power supply costs as it</p> <p>17 relates to demand cost, operating the system.</p> <p>18 We can tell from Friday that we incur cost,</p> <p>19 certainly unexpected cost that are not</p> <p>20 necessarily within Newfoundland Power's</p> <p>21 control or budget. We have an 80 million</p> <p>22 dollar capital plan that we manage daily to</p> <p>23 ensure that it comes in on time, on budget,</p> <p>24 because if not, we have to finance that</p> <p>25 capital program. We have to depreciate that</p>	<p>1 Newfoundland Power CA-03. The question is:</p> <p>2 with reference to CA-NP-004(A), Dr. Booth</p> <p>3 states "I would accept that Newfoundland</p> <p>4 Power's average business risk and assessment</p> <p>5 that Newfoundland Power seems to accept and</p> <p>6 also that it has lower financial risk which</p> <p>7 Newfoundland Power also seems to accept." And</p> <p>8 the question that was sent back to Dr. Booth</p> <p>9 was "please indicate specifically where in the</p> <p>10 response to Request for Information CA-NP-04</p> <p>11 Newfoundland Power indicates that it has lower</p> <p>12 than average financial risk." And Dr. Booth's</p> <p>13 reply is "Newfoundland Power's target common</p> <p>14 equity ratio of 45 percent is higher than that</p> <p>15 typically approved for Canadian regulated --</p> <p>16 for regulated Canadian electric utilities.</p> <p>17 With a higher common equity ratio, by</p> <p>18 definition, there is lower financial risk to</p> <p>19 the common equity holder." And is that, is</p> <p>20 Dr. Booth's answer disputed by Newfoundland</p> <p>21 Power?</p> <p>22 MS. PERRY:</p> <p>23 A. I don't think it's disputed. I think what</p> <p>24 we're saying is that all else being equal,</p> <p>25 with a higher common equity ratio, that lowers</p>

Page 49	Page 51
<p>1 the financial risk, just the financial risk, 2 of a utility.</p> <p>3 MR. JOHNSON:</p> <p>4 Q. So that's all he was saying, and we thought it 5 odd that Newfoundland Power would -- in any 6 event, we're not in disagreement that the 7 higher common equity ratio lowers Newfoundland 8 Power's financial risk?</p> <p>9 MS. PERRY:</p> <p>10 A. I don't believe so, Mr. Johnson.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. Okay. And does Newfoundland Power accept that 13 there's a difference between financial risk 14 and business risk?</p> <p>15 MS. PERRY:</p> <p>16 A. Yes, we do.</p> <p>17 MR. JOHNSON:</p> <p>18 Q. Okay. And how does Newfoundland Power assess 19 its business risk?</p> <p>20 MS. PERRY:</p> <p>21 A. Well, there's -</p> <p>22 MR. JOHNSON:</p> <p>23 Q. Do you have average business risk?</p> <p>24 MS. PERRY:</p> <p>25 A. Our experts have determined that we are an</p>	<p>1 financial risk, but what I'm asking you is 2 does Newfoundland Power consider that it has 3 average business risk of a regulated utility 4 in Canada?</p> <p>5 MS. PERRY:</p> <p>6 A. No, I don't believe we do. I think that we 7 consider we -- we've considered the fact that 8 given the fact that we are small and low 9 growth, which is what the Board has cited, as 10 being important in the determination of our 11 overall risk and the 45 percent equity ratio, 12 which lowers our financial risk, offsets that 13 heightened level of business risk so that 14 overall we're average.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. So your business risks are above average?</p> <p>17 MS. PERRY:</p> <p>18 A. It's probably not for me to observe because 19 it's relative to what, right. I mean, what is 20 it relative to? What I'm saying is that we've 21 displayed our business risk and we've said 22 they've not materially changed since the last 23 proceeding and at that time, the Board 24 indicated that overall we were an average risk 25 utility, and I would agree with that</p>
Page 50	Page 52
<p>1 average business risk. The Board, at the last 2 hearing, cited that Newfoundland Power was 3 considered to be an average risk utility. The 4 way -- back to the question on how we assess 5 business risk, we look at the different areas 6 of business risk which certainly include, as 7 Mr. Ludlow talked about: our demographics; our 8 population which was forecast to decline lower 9 than any other province or I should say 10 decline in comparison to all other provinces; 11 the size of Newfoundland Power relative to 12 other utilities; look at our operating 13 conditions; our source of power, single source 14 of power. We look at our cost flexibility. 15 And we've displayed all of this in our 16 evidence in this proceeding and we've made the 17 observation that we do not believe that our 18 business risk have changed materially since 19 the last rate filing, and at that time, the 20 Board concluded at that time that Newfoundland 21 Power was an average risk utility.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. What I'm getting at and what I'm asking is in 24 relation to Newfoundland -- you've indicated 25 there's a difference between business risk and</p>	<p>1 observation.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. Yes, and you've stated that, but does 4 Newfoundland Power consider that its business 5 risk are greater than average of the Canadian 6 utilities?</p> <p>7 MS. PERRY:</p> <p>8 A. Mr. Chairman, I want to say yes. I'm not sure 9 I'm qualified to do so, so -- but I do so on 10 the basis of the fact that when I look at our 11 population, we are forecast to decline. No 12 other province is forecast to decline. Our 13 demographics are on the bottom. Our forecast 14 GDP outlook is lower than the rest of Canada. 15 And I can't help but think that those 16 prevalent pieces of information matters to the 17 assessment of Newfoundland Power's business 18 risk. I'm not the expert. I would look to 19 the experts for that, but I think that the 20 size of Newfoundland Power, the low growth and 21 the other things that I've mentioned certainly 22 weigh into my belief that Newfoundland Power 23 has certain business risks not faced by 24 others, yes.</p> <p>25 MR. JOHNSON:</p>

Page 53	Page 55
<p>1 Q. But you don't face avalanches.</p> <p>2 MS. PERRY:</p> <p>3 A. Not yet.</p> <p>4 MR. JOHNSON:</p> <p>5 Q. But in terms of you reference the negatives</p> <p>6 for Newfoundland Power, but you don't talk</p> <p>7 about any of the positives. What are the</p> <p>8 positives, Ms. Perry, for Newfoundland Power?</p> <p>9 MS. PERRY:</p> <p>10 A. I'm not sure I understand the question, Mr.</p> <p>11 Johnson.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. Well, concentration in the market. I mean,</p> <p>14 DBRS, one of your bond rating agencies,</p> <p>15 indicates, do they not, that you have market</p> <p>16 dominance on the island?</p> <p>17 MS. PERRY:</p> <p>18 A. Yes, and they also mention that we have</p> <p>19 limited growth.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. But limited growth as well, growth -- high</p> <p>22 rates of growth involves risk as well, does it</p> <p>23 not?</p> <p>24 MS. PERRY:</p> <p>25 A. I believe so. You have to fund and finance</p>	<p>1 transmission, yes.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. Yes, and that would be part of the lowest</p> <p>4 segment of risk in the country, as Ms. McShane</p> <p>5 indicated?</p> <p>6 MS. PERRY:</p> <p>7 A. I believe that was her testimony yesterday,</p> <p>8 yes.</p> <p>9 MR. JOHNSON:</p> <p>10 Q. And then in terms of distribution aspect, she</p> <p>11 puts that a bit above transmission but</p> <p>12 certainly below natural gas on a segment</p> <p>13 basis, you heard that?</p> <p>14 MS. PERRY:</p> <p>15 A. Yes, I heard that.</p> <p>16 MR. JOHNSON:</p> <p>17 Q. Okay. So how do you -- do you discount where</p> <p>18 you sit in the sectors in terms of how</p> <p>19 suddenly you then determine that business risk</p> <p>20 for Newfoundland Power is greater than</p> <p>21 average?</p> <p>22 MS. PERRY:</p> <p>23 A. Again, I knew that by saying yes that would be</p> <p>24 problematic because I'm not the expert and I</p> <p>25 certainly am not the one to perform that</p>
Page 54	Page 56
<p>1 that rate base growth.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. And then there's forecasting risk that might</p> <p>4 be elevated through that?</p> <p>5 MS. PERRY:</p> <p>6 A. Certainly.</p> <p>7 MR. JOHNSON:</p> <p>8 Q. Which Newfoundland Power wouldn't have in a</p> <p>9 more conservative mature growth environment?</p> <p>10 MS. PERRY:</p> <p>11 A. That is true, but what Newfoundland Power</p> <p>12 faces is the fact of urbanization and the fact</p> <p>13 that we have a number of municipalities that</p> <p>14 are lowering in their population, but we're</p> <p>15 still having to service that population. So</p> <p>16 there's differences with all markets, I</p> <p>17 believe.</p> <p>18 MR. JOHNSON:</p> <p>19 Q. And Newfoundland Power, as Ms. McShane talked</p> <p>20 about the difference in sectors, Newfoundland</p> <p>21 Power is in the -- you know, actually</p> <p>22 Newfoundland Power has a fair amount of assets</p> <p>23 in transmission, do they not, Ms. Perry?</p> <p>24 MS. PERRY:</p> <p>25 A. We have a certain percentage of assets in</p>	<p>1 business risk analysis such that was done by</p> <p>2 Ms. McShane to compare to distribution,</p> <p>3 transmission, natural gas. What I'm saying is</p> <p>4 that is what I know.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. And let us agree then on this: your assessment</p> <p>7 on it is not a professional assessment at all.</p> <p>8 It's more of a -- it's -- well, I won't say</p> <p>9 professional, but it's not an expert</p> <p>10 assessment in any way and it's a rather</p> <p>11 subjective assessment, is it not?</p> <p>12 MS. PERRY:</p> <p>13 A. I disagree in the fact that we're coming from</p> <p>14 the last rate case and we've articulated the</p> <p>15 business risk of Newfoundland Power at a time</p> <p>16 when the experts filed evidence the last time</p> <p>17 about Newfoundland Power's business risk.</p> <p>18 We've laid out the significant business risk</p> <p>19 that we see. We've stated that we believe</p> <p>20 they've not materially changed. So I don't</p> <p>21 see the precipitating factor that would have</p> <p>22 changed Newfoundland Power's assessment of</p> <p>23 being an overall average risk utility. The</p> <p>24 Board cited that our low growth small profile</p> <p>25 was offset by the 45 percent and we're just</p>

Page 57	Page 59
<p>1 simply saying that nothing has changed since</p> <p>2 then, and I guess that's about as far as my</p> <p>3 professional judgment can take it.</p> <p>4 MR. JOHNSON:</p> <p>5 Q. Right, but I guess it would be fair to say</p> <p>6 that on behalf of Newfoundland Power, you can</p> <p>7 state that the Board should consider relative</p> <p>8 rankings of the utilities in terms of</p> <p>9 transmission, distribution, gas, vertically</p> <p>10 integrated? Would that be fair?</p> <p>11 (10:15 a.m.)</p> <p>12 MS. PERRY:</p> <p>13 A. I think, Mr. Chairman, I'll let the Board</p> <p>14 decide what they consider as evidence.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. Do you consider it as relevant?</p> <p>17 MS. PERRY:</p> <p>18 A. All information is relevant, Mr. Johnson.</p> <p>19 MR. JOHNSON:</p> <p>20 Q. Including your market dominance and all those</p> <p>21 other factors?</p> <p>22 MS. PERRY:</p> <p>23 A. Yes, I would agree.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. Yes, okay. But I take it, if you would not --</p>	<p>1 Power's business profile.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. Well, we certainly have some evidence to</p> <p>4 compare its profile to from BC. In any event,</p> <p>5 we will go to another topic for a bit, and</p> <p>6 I'll ask you to go to page 311. You're</p> <p>7 showing in Table 3.8 finance charges for the</p> <p>8 company. You're showing your average debt,</p> <p>9 finance charges and average cost of debt over</p> <p>10 2010 to 2014 and Ms. Perry, the average -- as</p> <p>11 I've noted, the average embedded debt cost is</p> <p>12 shown and we note that it was 7.46 percent as</p> <p>13 an average cost in 2010 and has declined</p> <p>14 slowly since then and is forecast at 7.05</p> <p>15 percent in 2013 and 6.9 percent -- 6.96</p> <p>16 percent in 2014, and is this relatively slow</p> <p>17 decline in the average cost of debt, is this</p> <p>18 because Newfoundland Power is relatively slow</p> <p>19 growing with little new debt and that</p> <p>20 therefore the embedded debt costs will mainly</p> <p>21 decline due to refinancing of existing debt?</p> <p>22 MS. PERRY:</p> <p>23 A. In part, I would agree. I mean, your cost of</p> <p>24 debt will change as you term out and pay off</p> <p>25 existing debt and refinance your debt, yes.</p>
Page 58	Page 60
<p>1 I take it you would not disagree that if the</p> <p>2 Board were to conclude that Newfoundland Power</p> <p>3 has average business risk relative to other</p> <p>4 utilities and lower than average financial</p> <p>5 risk as you've conceded that it would be</p> <p>6 obvious that Newfoundland Power's overall risk</p> <p>7 would be lower than an average risk, an</p> <p>8 average business risk utility?</p> <p>9 MS. PERRY:</p> <p>10 A. I believe that risk is the total of all three,</p> <p>11 which is business, financial and regulatory</p> <p>12 and if the Board were to decide that</p> <p>13 Newfoundland Power had lower business risk</p> <p>14 than what it had the last time it was here -</p> <p>15 MR. JOHNSON:</p> <p>16 Q. No, if Newfoundland Power had average business</p> <p>17 risk and accepted what you've indicated that</p> <p>18 the financial risk is lower, would it not be</p> <p>19 obvious that Newfoundland Power's overall risk</p> <p>20 would be lower in that scenario?</p> <p>21 MS. PERRY:</p> <p>22 A. I think by the summation, yes, that's true,</p> <p>23 but Mr. Johnson and Mr. Chairman, I would note</p> <p>24 that I'm not aware of what has changed since</p> <p>25 the 2009 hearing with respect to Newfoundland</p>	<p>1 And it matters with respect to your proportion</p> <p>2 of your long term with your short term at any</p> <p>3 point in time.</p> <p>4 MR. JOHNSON:</p> <p>5 Q. Right. So if Newfoundland Power was growing</p> <p>6 rapidly and having to go to the markets, we</p> <p>7 would expect to see average cost of debt come</p> <p>8 down more rapidly than what we're seeing in</p> <p>9 this case?</p> <p>10 MS. PERRY:</p> <p>11 A. At today's current rate, yes.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. And could I direct your attention to Dr.</p> <p>14 Booth's testimony at page 28?</p> <p>15 MS. PERRY:</p> <p>16 A. Thank you.</p> <p>17 MR. JOHNSON:</p> <p>18 Q. Ms. Perry, Dr. Booth has prepared a graph</p> <p>19 which tracks both Scotia Capital's long term A</p> <p>20 bond yields and the Bloomberg derived utility</p> <p>21 long term yield and you see that before you?</p> <p>22 MS. PERRY:</p> <p>23 A. Is that on page 28, Mr. Johnson?</p> <p>24 MR. JOHNSON:</p> <p>25 Q. Yes, ma'am.</p>

Page 61	Page 63
<p>1 MS. PERRY:</p> <p>2 A. Okay, yes.</p> <p>3 MR. JOHNSON:</p> <p>4 Q. And Dr. Booth tells me that the average for</p> <p>5 the Scotia Capital long term bond yields was</p> <p>6 5.42 percent in 2010 and 4.92 percent in 2011</p> <p>7 and 4.2 percent in 2013 and he tells me that</p> <p>8 the utility, derive utility long term yield</p> <p>9 would be about 20 basis points lower. Does</p> <p>10 this sound about right to you?</p> <p>11 MS. PERRY:</p> <p>12 A. I'll accept that that's what this is saying.</p> <p>13 MR. JOHNSON:</p> <p>14 Q. Okay. And so if we keep those figures in mind</p> <p>15 and look at Newfoundland Power's embedded debt</p> <p>16 costs of 7.46, 7.31, going down to 7.05 to</p> <p>17 6.96, it would be true that rate payers</p> <p>18 through Newfoundland Power's revenue</p> <p>19 requirement are paying about two percent more</p> <p>20 each year than Newfoundland Power's market</p> <p>21 debt cost? Would that be right?</p> <p>22 MS. PERRY:</p> <p>23 A. Newfoundland Power is paying its current cost</p> <p>24 of debt, its embedded cost of debt.</p> <p>25 MR. JOHNSON:</p>	<p>1 Q. And do you think that Newfoundland Power</p> <p>2 should have higher common equity ratio because</p> <p>3 it has higher embedded debt costs?</p> <p>4 MS. PERRY:</p> <p>5 A. Well, I know that with a lower common equity</p> <p>6 ratio, your financial risk is increased, so</p> <p>7 with a higher embedded cost of debt, you'll</p> <p>8 have higher fixed charges, so that, in my</p> <p>9 mind, increases the financial risk exposure to</p> <p>10 Newfoundland Power. So I believe so, yes.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. Could I ask you to turn up the Fortis MD&amp;A?</p> <p>13 MS. GLYNN:</p> <p>14 Q. That's Information Item No. 6.</p> <p>15 MS. PERRY:</p> <p>16 A. Oh, this is the information. I got it right</p> <p>17 here.</p> <p>18 MR. JOHNSON:</p> <p>19 Q. Ms. Perry, in particular, if I could ask you</p> <p>20 to turn to page 37, and the capital structure</p> <p>21 is shown in the box there, and I take it that</p> <p>22 you'll agree that that indicates that Fortis</p> <p>23 itself has 57.1 percent debt, 8.3 percent</p> <p>24 preference shares and 34.6 percent common</p> <p>25 shares?</p>
Page 62	Page 64
<p>1 Q. I understand.</p> <p>2 MS. PERRY:</p> <p>3 A. Because you don't pay your market cost of</p> <p>4 debt.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. I understand, but relative to what's out there</p> <p>7 on the market, the embedded cost is about two</p> <p>8 percentage points more, right?</p> <p>9 MS. PERRY:</p> <p>10 A. That sounds reasonable.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. Okay. And would -- and I guess this goes back</p> <p>13 to the earlier point as to whether you would</p> <p>14 believe that Newfoundland Power should get a</p> <p>15 higher ROE because it has a higher embedded</p> <p>16 debt cost?</p> <p>17 MS. PERRY:</p> <p>18 A. Mr. Chairman, I think there is some</p> <p>19 correlation between your cost of debt and your</p> <p>20 cost of equity. The reality is our average</p> <p>21 cost of debt is, on average, seven percent.</p> <p>22 So I think there is some correlation between</p> <p>23 your cost of debt and your cost of equity,</p> <p>24 yes.</p> <p>25 MR. JOHNSON:</p>	<p>1 MS. PERRY:</p> <p>2 A. Yes, I can confirm that.</p> <p>3 MR. JOHNSON:</p> <p>4 Q. And would you accept that Fortis has a</p> <p>5 consolidated common equity ratio of 35</p> <p>6 percent?</p> <p>7 MS. PERRY:</p> <p>8 A. Yes, that's what it's showing here.</p> <p>9 MR. JOHNSON:</p> <p>10 Q. Okay, yeah. And in terms of the financial</p> <p>11 arrangements between its operating</p> <p>12 subsidiaries and the parent company, as you go</p> <p>13 down to the bottom of page 37, first of all it</p> <p>14 sets out the credit ratings of Fortis, which</p> <p>15 is Standard and Poors A minus and DBRS A low</p> <p>16 as their unsecured debt credit rating, and it</p> <p>17 says "the above noted credit ratings reflect</p> <p>18 the corporation's low business risk profile</p> <p>19 and diversity of its operations, the stand</p> <p>20 alone nature and financial separation of each</p> <p>21 of the regulated subsidiaries of Fortis,</p> <p>22 management's commitment to maintaining low</p> <p>23 levels of debt at the holding company level,</p> <p>24 the corporation's reasonable credit metrics</p> <p>25 and its demonstrated ability and continued</p>



Page 65	Page 67
<p>1 focus on acquiring and integrating stable</p> <p>2 regulated utility businesses financed on a</p> <p>3 conservative basis."</p> <p>4 And I take it your -- if we look at the</p> <p>5 common share -- if we flip back and look at,</p> <p>6 on page 22, which sets out the allowed common</p> <p>7 equities of each of Fortis' companies,</p> <p>8 obviously everybody is at 40, with the</p> <p>9 exception of Fortis Alberta who's at 41,</p> <p>10 Newfoundland Power is at 45, and in terms of</p> <p>11 the Fortis family of companies, would</p> <p>12 Newfoundland Power be an average business risk</p> <p>13 within Fortis, the Fortis utilities?</p> <p>14 MS. PERRY:</p> <p>15 A. I've not made that assessment, Mr. Johnson.</p> <p>16 MR. JOHNSON:</p> <p>17 Q. So you don't know?</p> <p>18 MS. PERRY:</p> <p>19 A. That's correct.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. If we add up all of the equity in the Fortis</p> <p>22 companies that are shown there, as we've noted</p> <p>23 each utility has at least 40 percent common</p> <p>24 equity, whereas as we've demonstrated, the</p> <p>25 consolidated common equity ratio of Fortis</p>	<p>1 MS. PERRY:</p> <p>2 A. Mathematically, yes, but there's a lot of</p> <p>3 complications with just swapping out five</p> <p>4 percent common equity with five percent</p> <p>5 preferred shares and I've displayed those in</p> <p>6 my opening.</p> <p>7 MR. JOHNSON:</p> <p>8 Q. And we'll talk about those. And in terms of</p> <p>9 the mechanisms of preferred share issuance, if</p> <p>10 Newfoundland Power were to issue preference</p> <p>11 shares, that would be done with the assistance</p> <p>12 of Fortis no doubt?</p> <p>13 MS. PERRY:</p> <p>14 A. Can you repeat the question, Mr. Johnson?</p> <p>15 MR. JOHNSON:</p> <p>16 Q. If preference shares were to be issued in</p> <p>17 Newfoundland Power, how would that -- how</p> <p>18 would you go about that?</p> <p>19 MS. PERRY:</p> <p>20 A. Well, if it was deemed appropriate to issue</p> <p>21 preference shares, Newfoundland Power would</p> <p>22 issue preference shares. We operate</p> <p>23 Newfoundland Power on a stand-alone basis and</p> <p>24 that pertains to the financing of Newfoundland</p> <p>25 Power as well. And I believe it was in 2003-</p>
Page 66	Page 68
<p>1 itself is only 35 percent. What does this</p> <p>2 tell us, Ms. Perry?</p> <p>3 MS. PERRY:</p> <p>4 A. I'm not sure I understand the question, Mr.</p> <p>5 Johnson.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. Doesn't it mean that Fortis is financing its</p> <p>8 equity investment in its subsidiaries with</p> <p>9 other securities other than straight common</p> <p>10 equity?</p> <p>11 MS. PERRY:</p> <p>12 A. Yes, that's what it's showing here, yes.</p> <p>13 MR. JOHNSON:</p> <p>14 Q. And as we've seen, Fortis has 8.3 percent</p> <p>15 preference shares itself, correct?</p> <p>16 MS. PERRY:</p> <p>17 A. Yes. I'm not sure what type of preference</p> <p>18 shares, but yes.</p> <p>19 MR. JOHNSON:</p> <p>20 Q. And I take it there's no question that if we</p> <p>21 replaced five percent of Newfoundland Power's</p> <p>22 common shares with preference shares that</p> <p>23 Newfoundland Power's capital structure would</p> <p>24 be in line with the other Fortis utilities and</p> <p>25 indeed with Fortis itself?</p>	<p>1 2004 where the Board, at that time -- and</p> <p>2 there was concern around that time with</p> <p>3 respect to certain credit rating linkages</p> <p>4 between Fortis and Newfoundland Power and the</p> <p>5 Board clearly stated at that time that it felt</p> <p>6 it was in the best interest of customers and</p> <p>7 Newfoundland Power to operate as a stand-alone</p> <p>8 utility. So if we were to issue and deem it</p> <p>9 appropriate, which would be a battle to begin</p> <p>10 with, but if we were to deem it appropriate to</p> <p>11 issue preference shares, we would have to</p> <p>12 issue them on our own as Newfoundland Power,</p> <p>13 not with Fortis.</p> <p>14 (10:30 a.m.)</p> <p>15 MR. JOHNSON:</p> <p>16 Q. And you indicated in your direct testimony</p> <p>17 that that would be troublesome, and why would</p> <p>18 that be, in terms of actually issuing</p> <p>19 preference shares to investors?</p> <p>20 MS. PERRY:</p> <p>21 A. Mr. Chairman, as I said, we're relatively a</p> <p>22 small player in the market, so we're an</p> <p>23 unknown player with the market. Most of our</p> <p>24 long term debt deals are actually privately</p> <p>25 placed. So I've had discussions with banks</p>

Page 69	Page 71
<p>1 around issuing a 40 million dollar preference</p> <p>2 share issuance and the response was that would</p> <p>3 be unusual because that's a very small</p> <p>4 issuance. Usually you see the preferred share</p> <p>5 market to be much larger than that. And as I</p> <p>6 said, where we are an unknown name to that</p> <p>7 market, to the preference share market, we</p> <p>8 would certainly have to go through a pretty</p> <p>9 significant investment profile prior to</p> <p>10 issuing and I have asked about pricing with</p> <p>11 respect to preference share, because we're</p> <p>12 always interested in getting the lowest price,</p> <p>13 and it's viewed that it would be no more</p> <p>14 efficient than if we issued long term bonds.</p> <p>15 That's the view today. So if we could issue</p> <p>16 it probably would be at a higher cost than</p> <p>17 long term debt.</p> <p>18 MR. JOHNSON:</p> <p>19 Q. When was the last time that was investigated?</p> <p>20 MS. PERRY:</p> <p>21 A. I would say mid December I confirmed by</p> <p>22 conversation around preference shares, based</p> <p>23 on Dr. Booth's evidence.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. And in terms of there being a market for</p>	<p>1 Q. In terms of capital market conditions, Ms.</p> <p>2 Perry, I take it that you would agree that</p> <p>3 capital market conditions are easier now than</p> <p>4 they were in 2009 when the Board last heard</p> <p>5 cost of capital testimony?</p> <p>6 MS. PERRY:</p> <p>7 A. Mr. Chairman, I will agree that they're</p> <p>8 probably easier than the first part of 2009,</p> <p>9 but by the time we got to the hearing in 2009,</p> <p>10 the markets had somewhat rebalanced from where</p> <p>11 they were at the lowest level and I'm not sure</p> <p>12 that I see a lot of difference since then.</p> <p>13 There's been a lot of ups and downs and in</p> <p>14 between since the latter part of 2009 and</p> <p>15 certainly one of the ways I gauge the capital</p> <p>16 markets is looking at Newfoundland Power's</p> <p>17 credit spreads and our credit spreads are</p> <p>18 roughly the same as what they were at the end</p> <p>19 of 2009. They haven't changed significantly.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. In terms of your assessment of the capital</p> <p>22 markets, do you have any expertise in the</p> <p>23 capital markets or is this just -- are we on</p> <p>24 the level of your impression about it, Ms.</p> <p>25 Perry?</p>
Page 70	Page 72
<p>1 preference shares, you're aware that there's a</p> <p>2 sizable market out there for people who desire</p> <p>3 preference shares to invest in no doubt?</p> <p>4 MS. PERRY:</p> <p>5 A. Certainly. There's a preference share market.</p> <p>6 It's just we are a small issuer, so we're not</p> <p>7 a known issuer in the market and normally</p> <p>8 preference share issues are substantial, and I</p> <p>9 know Fortis just issued one, I believe it was</p> <p>10 over 200 million.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. But that was in November of 2012?</p> <p>13 MS. PERRY:</p> <p>14 A. Yes, I believe around that time.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. I think the first preference shares had a</p> <p>17 yield of 4.75 percent.</p> <p>18 MS. PERRY:</p> <p>19 A. I would have to confirm but that sounds in the</p> <p>20 ballpark.</p> <p>21 MR. JOHNSON:</p> <p>22 Q. Would you take that, subject to check?</p> <p>23 MS. PERRY:</p> <p>24 A. Yes.</p> <p>25 MR. JOHNSON:</p>	<p>1 MS. PERRY:</p> <p>2 A. No, I would not go as far as to say that I'm</p> <p>3 an expert in capital markets and certainly we</p> <p>4 provided evidence with our witnesses on that.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. Okay. And I just wanted to get that</p> <p>7 clarified, if that's the case. If I could</p> <p>8 bring you to page 53 of this Fortis MD&amp;A? It</p> <p>9 indicates as a subsequent event that in</p> <p>10 October of 2012, Fortis Alberta issued 40-year</p> <p>11 125 million dollar 3.98 percent senior</p> <p>12 unsecured debentures, the proceeds of which</p> <p>13 are being used to repay borrowings under the</p> <p>14 company's credit facility, fund future capital</p> <p>15 expenditures and for general corporate</p> <p>16 purposes. Dr. Booth advises me that according</p> <p>17 to the Wall Street Journal this was at 140</p> <p>18 basis point premium to equivalent maturity</p> <p>19 long Canada bonds. Would you accept that?</p> <p>20 MS. PERRY:</p> <p>21 A. I accept that, yes.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. And Fortis Alberta, they're rated A low by</p> <p>24 DBRS? Would that be correct, Ms. Perry?</p> <p>25 MS. PERRY:</p>

Page 73	Page 75
<p>1 A. I would have to confirm that.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. Okay. Would you accept that they are rated A</p> <p>4 low by DBRS and BAA1 by Moody's?</p> <p>5 MS. PERRY:</p> <p>6 A. Subject to check, yes.</p> <p>7 MR. JOHNSON:</p> <p>8 Q. And A minus by S&amp;P?</p> <p>9 MS. PERRY:</p> <p>10 A. Again, subject to check.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. Okay. Do you -- you deal with trying to raise</p> <p>13 funds through bonds, et cetera. Would you</p> <p>14 believe that Fortis Alberta could have raised</p> <p>15 40-year sub four percent debt in 2009?</p> <p>16 MS. PERRY:</p> <p>17 A. I would have to go back there and just see</p> <p>18 what they were issuing at at that time. The</p> <p>19 coupon rate that we're looking at here is a</p> <p>20 product of the decline in the bond yields, the</p> <p>21 Canada bond yields. So it's not all</p> <p>22 reflective of the bond spread, the utility</p> <p>23 bond spread.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. But in terms of the availability to access</p>	<p>1 MS. PERRY:</p> <p>2 A. So this refinancing was on our 100 million</p> <p>3 dollar unsecured short term credit facility,</p> <p>4 and so periodically, if the market is right,</p> <p>5 we will -- we have a pricing grid within that</p> <p>6 particular credit facility and if the pricing</p> <p>7 should contract, then we will take opportunity</p> <p>8 of that and refinance, and that's what we have</p> <p>9 done.</p> <p>10 MR. JOHNSON:</p> <p>11 Q. So what was the decrease in pricing that was</p> <p>12 experienced?</p> <p>13 MS. PERRY:</p> <p>14 A. I don't have it in front of me now. I</p> <p>15 wouldn't -- I'm not sure what the actual</p> <p>16 decline was, and certainly the savings would</p> <p>17 depend on the amount of short term borrowings</p> <p>18 that we would have in any particular time.</p> <p>19 MR. JOHNSON:</p> <p>20 Q. Right, and they say contains substantially</p> <p>21 similar terms and conditions as the previous</p> <p>22 credit facility agreement, and I think there</p> <p>23 was an adverse conditions clause that had been</p> <p>24 there before or an adverse material change</p> <p>25 clause that had been removed.</p>
Page 74	Page 76
<p>1 debt, that has -- would it be your observation</p> <p>2 that that has improved, relative to a few</p> <p>3 years ago, especially at those low, low rates?</p> <p>4 MS. PERRY:</p> <p>5 A. Mr. Chairman, I'll agree with the low rates</p> <p>6 and as I said, it's a reflective of the long</p> <p>7 Canada bond yield, but I'm not sure I would go</p> <p>8 as far and say that the market is any better</p> <p>9 since the latter part of 2009. Now we have</p> <p>10 not issued any debt since 2009, so I have</p> <p>11 nothing directly to compare it to.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. At page 40, just a little bit below the chart,</p> <p>14 it indicates that "in March 2012, Newfoundland</p> <p>15 Power renegotiated and amended its 100 million</p> <p>16 dollar unsecured committed revolving credit</p> <p>17 facility, obtaining an extension to the</p> <p>18 maturity of the facility from August '15,</p> <p>19 August 2015 to August 2017. The amended</p> <p>20 credit facility agreement reflects a decrease</p> <p>21 in pricing but otherwise contains</p> <p>22 substantially similar terms and conditions as</p> <p>23 the previous credit facility agreement" So in</p> <p>24 terms of the decrease in pricing, can you</p> <p>25 indicate what that was?</p>	<p>1 MS. PERRY:</p> <p>2 A. My memory is that the material adverse clause</p> <p>3 was removed prior to this extension. It was</p> <p>4 removed some time ago.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. And the nature of that clause, when it</p> <p>7 existed, did what? What was its effect?</p> <p>8 MS. PERRY:</p> <p>9 A. I would have to go back and actually read that</p> <p>10 clause again because it's been sometime since</p> <p>11 it's been in Newfoundland Power's credit</p> <p>12 agreement. I believe that was removed some</p> <p>13 years ago. I'd have to check, Mr. Johnson.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. I wonder if Ms. Perry and Mr. Kelly wouldn't</p> <p>16 mind filing what that clause stated as an</p> <p>17 undertaking?</p> <p>18 KELLY, Q.C.:</p> <p>19 Q. That's fine, Mr. Chairman.</p> <p>20 MS. PERRY:</p> <p>21 A. Sure, yeah.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. Ms. Perry, moving to another topic. Since the</p> <p>24 last general rate application, there have been</p> <p>25 a number of stand-alone applications that</p>

Page 77

Page 79

1 Newfoundland Power has been able to make to  
2 the Board. For instance, by order of P.U. 30  
3 (2010) the Board approved deferred recovery by  
4 Newfoundland Power of nearly 2.4 million in  
5 2011 costs, and then P.U.12, I think 20 -- I  
6 don't know if it was 2010 or 2011, the Board  
7 approved recovery of 2.4 million in 2012  
8 costs, and then we had the Board's order in  
9 P.U.17 ('12) which approved deferred recovery  
10 by Newfoundland Power of two and a half  
11 million in 2012 costs as part of its  
12 determining Newfoundland Power's cost of  
13 capital, right?

14 MS. PERRY:

15 A. Yes, I believe that to be correct.

16 MR. JOHNSON:

17 Q. And were there any other one-of applications  
18 of that nature over that period that you can  
19 think of?

20 MS. PERRY:

21 A. Other than to apply for suspension of the  
22 formula.

23 MR. JOHNSON:

24 Q. Right, okay. And in terms of Newfoundland  
25 Power applying for determination of cost of

1 would likely not have applied for 2012, but  
2 given that the issue that we had to deal with  
3 was our cost of equity, then we sought a cost  
4 of capital application to deal with that one  
5 sole issue.

6 MR. JOHNSON:

7 Q. And do you know whether it has precedent even  
8 in other Canadian jurisdictions?

9 MS. PERRY:

10 A. I believe cost of capital applications are  
11 held in Alberta. I would have to confirm.

12 I'm not sure.

13 MR. JOHNSON:

14 Q. On a stand-alone basis like that? And in this  
15 proceeding, Ms. Perry, Newfoundland Power has  
16 applied to amortize the recovery over a three-  
17 year period of a forecast 2013 revenue  
18 shortfall of an estimated \$980,000 which was  
19 agreed to, and tell us why this request was  
20 important to the company and why it was  
21 sought.

22 MS. PERRY:

23 A. With respect to that one amortization, Mr.  
24 Johnson?

25 MR. JOHNSON:

Page 78

Page 80

1 equity without necessity of filing a general  
2 rate application, are you -- which was done,  
3 for instance, in 2012 -- are you aware of how  
4 rare an event that is in the United States,  
5 for instance? Ms. McShane indicates that  
6 she's not aware of an instance where a US  
7 utility sought and was granted a determination  
8 of its cost of equity without necessity of  
9 filing a GRA. Are you aware of that?

10 MS. PERRY:

11 A. No, I wouldn't be able to comment on what  
12 happens.

13 MR. JOHNSON:

14 Q. Can you tell us what advantage or benefit it  
15 was, sitting in your chair as CFO to  
16 Newfoundland Power, to be able to bring  
17 forward such an application before the Board,  
18 to the Board for its determination outside of  
19 a GRA?

20 MS. PERRY:

21 A. Well, Mr. Chairman, the application with  
22 respect to cost of capital was certainly  
23 precipitated on the formula producing a return  
24 that we deemed to be unfair. So in the  
25 absence of the formula, Newfoundland Power

1 Q. Yes.

2 MS. PERRY:

3 A. Or all of the amortizations?

4 MR. JOHNSON:

5 Q. No, no, just that one.

6 MS. PERRY:

7 A. Well, the three-year amortization of the  
8 shortfall was in line with the proposed  
9 amortization period for a number of other  
10 regulatory amortizations that we had and in  
11 the past, amortizations have ranged, I will  
12 say, from three to five years, but certainly  
13 three years is certainly reflective of the  
14 time period upon which Newfoundland Power  
15 would generally file a general rate  
16 application.

17 MR. JOHNSON:

18 Q. But we're talking -- I guess you've focused on  
19 the amortization period, but I'm focusing on  
20 the forecast 2013 revenue shortfall. How  
21 would that revenue shortfall have come about,  
22 the 2013 revenue shortfall of an estimated  
23 980,000?

24 (10:45 a.m.)

25 MS. PERRY:

Page 81	Page 83
<p>1 A. So as a product of filing for a double test</p> <p>2 year, 2013 and 2014, it would be hard to</p> <p>3 imagine that if we set rates based on 2014,</p> <p>4 full year test year, and that if we apply that</p> <p>5 then to the 2013 on March 1st that it would</p> <p>6 all balance in one fold. So I would suspect</p> <p>7 it's very common that you would end up not</p> <p>8 perfectly squared with balancing the records</p> <p>9 when you are talking different implementation</p> <p>10 times when you're dealing with a double test</p> <p>11 year. So that's how the 980 came about.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. And in terms of the goal of Newfoundland Power</p> <p>14 to have rates implemented by March 1st, 2013,</p> <p>15 I take it the company wanted a mechanism in</p> <p>16 place to ensure that in the events that rates</p> <p>17 couldn't be implemented in time for March 1st,</p> <p>18 2013, that the company was made whole</p> <p>19 nonetheless, correct?</p> <p>20 MS. PERRY:</p> <p>21 A. I believe that's a fair observation in that we</p> <p>22 are dealing with two test years, so we are</p> <p>23 considering the complete revenue requirement</p> <p>24 for those two years, yes.</p> <p>25 MR. JOHNSON:</p>	<p>1 test year to recover -- have a reasonable</p> <p>2 opportunity to recover 2010's test year cost</p> <p>3 and in the event that rates, for reasons of</p> <p>4 timing, were not to be implemented on January</p> <p>5 1, then Newfoundland Power would have actually</p> <p>6 not have had the opportunity to recover the</p> <p>7 full revenue requirement that was just</p> <p>8 considered before the Board.</p> <p>9 MR. JOHNSON:</p> <p>10 Q. Yeah, so the obvious advantage or benefit to</p> <p>11 Newfoundland Power by the Board issuing its</p> <p>12 order in advance of when it was ready to issue</p> <p>13 its decision was that it provided Newfoundland</p> <p>14 Power the opportunity to earn the return over</p> <p>15 the full of 2010 so that you weren't delayed</p> <p>16 in any revenue, correct?</p> <p>17 MS. PERRY:</p> <p>18 A. I'm still not seeing the advantage to</p> <p>19 Newfoundland Power. We're dealing with a full</p> <p>20 year test year, so we're not recovering any</p> <p>21 more or any less than a full year test year.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. Ms. Perry, in that instance, in connection</p> <p>24 with that instance, one thing I never see in</p> <p>25 Newfoundland Power's materials in GRAS or</p>
Page 82	Page 84
<p>1 Q. And in the last GRA in 2009, that was to set</p> <p>2 rates for 2010. Newfoundland Power wanted</p> <p>3 rates to come in force January 1st of 2010,</p> <p>4 did it not?</p> <p>5 MS. PERRY:</p> <p>6 A. Yes, that is correct.</p> <p>7 MR. JOHNSON:</p> <p>8 Q. And my recollection, Ms. Perry, is that to</p> <p>9 facilitate this, this Board in fact issued an</p> <p>10 order in advance of providing its reasons for</p> <p>11 decision, which reasons for decision came out</p> <p>12 Christmas Eve, if I recall, and so that you</p> <p>13 didn't have to wait for the full reasons in</p> <p>14 order to go ahead implementing rates. Do you</p> <p>15 recall that?</p> <p>16 MS. PERRY:</p> <p>17 A. Yes, I recall certain of that process, but</p> <p>18 yes, I believe a decision came out before all</p> <p>19 of the particulars of the decision, yes.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. What was the advantage or the benefit to</p> <p>22 Newfoundland Power of the Board doing that?</p> <p>23 MS. PERRY:</p> <p>24 A. I don't believe there was any advantage to</p> <p>25 Newfoundland Power. This was -- we filed a</p>	<p>1 otherwise or in your credit opinions is any</p> <p>2 complaint about regulatory lag in this</p> <p>3 jurisdiction. Would you agree with that?</p> <p>4 MS. PERRY:</p> <p>5 A. I would agree with that, yes.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. Yeah. And regulatory lag, how would that be</p> <p>8 of a concern to a utility, if there was</p> <p>9 significant regulatory lag in the utility's</p> <p>10 regulatory set-up?</p> <p>11 MS. PERRY:</p> <p>12 A. I think it has to do with just the financial</p> <p>13 uncertainty as to the operations of that</p> <p>14 utility in a particular year. If there was</p> <p>15 uncertainty with respect to how things are</p> <p>16 going to operate -- and we are a regulated</p> <p>17 utility so it matters with respect to the</p> <p>18 construct as to how we're to operate, so</p> <p>19 without knowing what it is, it's hard to</p> <p>20 predict because it comes from decisions of the</p> <p>21 Board. So it's better to know in advance and</p> <p>22 prepare for what is coming, as opposed to</p> <p>23 being behind it.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. So what sort of problems could arise for a</p>

Page 85	Page 87
<p>1 regulated utility that would result from</p> <p>2 regulatory lag, just some concrete examples?</p> <p>3 MS. PERRY:</p> <p>4 A. Well, I'll go back to the 2012 cost of</p> <p>5 capital, I guess. That one, from a timing</p> <p>6 perspective, we were into 2012 before we had a</p> <p>7 cost of capital determined. So we're already</p> <p>8 midway through the year. So if we were</p> <p>9 approved or ordered a rate of return that was</p> <p>10 I'll say deemed unfair or lower than the rest</p> <p>11 of the country, then we only have six months</p> <p>12 to try to deal with it then, because the</p> <p>13 uncertainty was there, so up until mid 2012,</p> <p>14 it was unknown as to what it would be. We</p> <p>15 only have six months now to try to do things</p> <p>16 to get us to the top of a return.</p> <p>17 MR. JOHNSON:</p> <p>18 Q. Can you provide any other further</p> <p>19 illustrations of where regulatory lag, if it</p> <p>20 existed for Newfoundland Power, would cause a</p> <p>21 company difficulty?</p> <p>22 MS. PERRY:</p> <p>23 A. I guess in terms of cost recovery, if we were</p> <p>24 -- if we put a proposal to this Board to defer</p> <p>25 some regulatory amortizations, you know, as</p>	<p>1 Q. Thank you. Ms. Perry, as you alluded to</p> <p>2 before the break, Newfoundland Power has set</p> <p>3 up its general rate application to use two</p> <p>4 test years. What was the rationale?</p> <p>5 MS. PERRY:</p> <p>6 A. I believe, Mr. Chairman, that the rationale</p> <p>7 was based on timing. Historically when we</p> <p>8 filed general rate applications we try to file</p> <p>9 closer to the beginning of the year, so that</p> <p>10 we're given a reasonable opportunity to hear</p> <p>11 the proceeding and implement rates for January</p> <p>12 1st of the upcoming year. But starting in</p> <p>13 September, we viewed that it would be a</p> <p>14 stretch to assume that we could get rates for</p> <p>15 January 1, so with that in mind, we filed a</p> <p>16 double test year, which from records at</p> <p>17 Newfoundland Power, I believe the last one we</p> <p>18 filed was 2003, 2004.</p> <p>19 MR. JOHNSON:</p> <p>20 Q. The double test year, I mean, we're still only</p> <p>21 very early in 2013 and you have a mechanism to</p> <p>22 cover yourselves off from the interim rates or</p> <p>23 whatever for 2013. I'm not understanding</p> <p>24 fully the rationale for 2014 also being a test</p> <p>25 year.</p>
Page 86	Page 88
<p>1 we've done in 2011 and '12, and if there was</p> <p>2 an order that disallowed something that we</p> <p>3 thought were to be allowed, then that puts the</p> <p>4 utility in a hard situation with respect to</p> <p>5 looking at its financial condition for that</p> <p>6 particular year. I mean, you just lose time</p> <p>7 to recover from the decisions of the Board.</p> <p>8 MR. JOHNSON:</p> <p>9 Q. It's five to 11. Were you planning, Mr.</p> <p>10 Chairman, to break at 11, was it?</p> <p>11 CHAIRMAN:</p> <p>12 Q. Yes.</p> <p>13 MR. JOHNSON:</p> <p>14 Q. If you -</p> <p>15 CHAIRMAN:</p> <p>16 Q. Is this a good hiatus for you now?</p> <p>17 MR. JOHNSON:</p> <p>18 Q. I think so.</p> <p>19 CHAIRMAN:</p> <p>20 Q. Okay then, we shall reconvene at 25 after.</p> <p>21 (BREAK - 10:53 a.m.)</p> <p>22 (RESUME - 11:29 a.m.)</p> <p>23 CHAIRMAN:</p> <p>24 Q. Okay, we're still with you, Mr. Johnson.</p> <p>25 MR. JOHNSON:</p>	<p>1 MS. PERRY:</p> <p>2 A. Well I guess to clarify, another part of the</p> <p>3 decision was simply around by the time this</p> <p>4 proceeding ended, I guess depending on the</p> <p>5 outcome of the order, we could have been in a</p> <p>6 position where we would have had to file again</p> <p>7 for '14, you know, so I think it's forward</p> <p>8 visibility. You're partway into 2013, it's</p> <p>9 not unreasonable and certainly we have done</p> <p>10 this in this jurisdiction before, to look</p> <p>11 forward further than just seven months, so</p> <p>12 that's what we had done.</p> <p>13 MR. JOHNSON:</p> <p>14 Q. Talk to me about the forward visibility part.</p> <p>15 The forward visibility of looking forward to</p> <p>16 2014, what's the advantage of Newfoundland</p> <p>17 Power making 2014 a test year from the point</p> <p>18 of view of forward visibility?</p> <p>19 MS. PERRY:</p> <p>20 A. I'm not sure it's an advantage again, Mr.</p> <p>21 John's, the only difference is that you lay</p> <p>22 out your forecast revenues for two years and</p> <p>23 rates are structured such that you're given a</p> <p>24 reasonable opportunity, an opportunity to earn</p> <p>25 your return in each of those years and so part</p>

Page 89	Page 91
<p>1 of the decision, based on regulatory</p> <p>2 efficiency, I don't really see the advantage</p> <p>3 of Newfoundland Power with that.</p> <p>4 MR. JOHNSON:</p> <p>5 Q. Ms. Perry, you seem not to want to concede</p> <p>6 much in the way of advantages to Newfoundland</p> <p>7 Power this morning. I think it permeates a</p> <p>8 lot of what you had to say here and I've had</p> <p>9 to really go digging a bit more than I thought</p> <p>10 I had to. A moment ago you said that it</p> <p>11 allows you to forecast revenues in 2014,</p> <p>12 that's one of the things you said about a 2014</p> <p>13 test year, correct?</p> <p>14 MS. PERRY:</p> <p>15 A. To lay out a test year, you have to forecast</p> <p>16 your revenue requirement, yes.</p> <p>17 MR. JOHNSON:</p> <p>18 Q. Yes, and you said "revenues", not "revenue</p> <p>19 requirement". Part of what you're forecasting</p> <p>20 as well in capturing in the 2014 test year is</p> <p>21 your estimated costs for 2014, correct?</p> <p>22 MS. PERRY:</p> <p>23 A. Certainly, it's -</p> <p>24 MR. JOHNSON:</p> <p>25 Q. And you're getting a chance to have rates to</p>	<p>1 year, we would have to look at the full</p> <p>2 revenue requirement for 2013 and we would have</p> <p>3 to prepare the forecast on a different basis</p> <p>4 than we've done here today, and just by way of</p> <p>5 example, we've assumed in our forecast that</p> <p>6 the energy supply cost variance reserve is</p> <p>7 going to work for January and February of</p> <p>8 2013, so if 2013 were going to be a full test</p> <p>9 year, a single test year, then we would have</p> <p>10 to rebase 2013 as if non of the mechanisms</p> <p>11 were in to play. So it's just a different way</p> <p>12 of doing much the same thing, I believe.</p> <p>13 MR. JOHNSON:</p> <p>14 Q. Well, I disagree with you because if we were</p> <p>15 looking at 2013 as a test year, what would</p> <p>16 happen in 2014 is that you would have to live</p> <p>17 with the rates in 2014 based upon what the</p> <p>18 forecasted revenues and expenses and costs</p> <p>19 were for the 2013 test year, correct?</p> <p>20 MS. PERRY:</p> <p>21 A. That is correct, yes.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. And if 2014 saw a cost escalation for labour</p> <p>24 or materials or advertisements or any of those</p> <p>25 things, or pay, that would not be reflected in</p>
Page 90	Page 92
<p>1 reflect those costs in 2014 without having to</p> <p>2 come back or without the uncertainty of living</p> <p>3 with costs based on a 2013 test year, correct?</p> <p>4 MS. PERRY:</p> <p>5 A. I see the double test years as slightly</p> <p>6 different than that. You're laying out annual</p> <p>7 revenue requirements for Newfoundland Power</p> <p>8 with your forecast cost, as you would in a</p> <p>9 single test year, and based on Board orders</p> <p>10 and implementation of customer rates, then</p> <p>11 that will just provide Newfoundland Power an</p> <p>12 opportunity to recover the forecast costs that</p> <p>13 we've laid before this Board.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. Okay, but let's get basic here. In a normal</p> <p>16 case if you choose one test year, say 2013</p> <p>17 test year, you said that's going to be our</p> <p>18 test year and if we can't get rates by before</p> <p>19 March 1st, we might have to do something on an</p> <p>20 interim basis or something like that. And in</p> <p>21 that instance, in that case, Ms. Perry, what</p> <p>22 would happen in 2014 if 2014 was not a test</p> <p>23 year?</p> <p>24 MS. PERRY:</p> <p>25 A. So if we were going to go with a single test</p>	<p>1 your rates per se for 2014, you'd be using</p> <p>2 2013 costs, correct?</p> <p>3 MS. PERRY:</p> <p>4 A. Yes. Mr. Chairman, I would state though that</p> <p>5 in a single test year, so in preparation of a</p> <p>6 single test year, we do look forward, so if</p> <p>7 2013's proposals was structuring Newfoundland</p> <p>8 Power to be in a revenue shortfall position in</p> <p>9 2014, then I would suggest that probably</p> <p>10 wouldn't be very good planning on our part</p> <p>11 because you should plan a rate case to be</p> <p>12 sufficient to allow a utility to go several</p> <p>13 years before rebasing costs. It is not our</p> <p>14 intent to come in here every single year, so</p> <p>15 when we even file single test years, we would</p> <p>16 look forward to ensure that the proposals</p> <p>17 we're putting forward, like the amortization</p> <p>18 periods, recovery periods, are all in line</p> <p>19 with trying to keep us out of here basically</p> <p>20 for a number of years. So I think the</p> <p>21 concepts still apply to a single verses a</p> <p>22 double test year.</p> <p>23 MR. JOHNSON:</p> <p>24 Q. But surely outside of something big coming on</p> <p>25 a horizon, there's a benefit of having 2014</p>

Page 93	Page 95
<p>1 set up as a test year because you get to</p> <p>2 forecast those 2014 cost--expenses, and have</p> <p>3 them actually reflected in rates for 2014</p> <p>4 which is an advantage over a situation of a</p> <p>5 single test year where the 2014 costs would</p> <p>6 happen and they would be just dealt with in a</p> <p>7 normal event. I thought that this was an</p> <p>8 obvious point, it wouldn't be a major point of</p> <p>9 contention, Ms. Perry.</p> <p>10 MS. PERRY:</p> <p>11 A. I will agree, Mr. Johnson, that we are</p> <p>12 forecasting 2014's costs. I guess why I'm a</p> <p>13 bit reluctant, Mr. Chairman, to say that</p> <p>14 there's an advantage is that it's just still a</p> <p>15 forecast. So at any point in time we're still</p> <p>16 dealing with forecast numbers, so -</p> <p>17 MR. JOHNSON:</p> <p>18 Q. As the CFO of Newfoundland Power, there's</p> <p>19 going to be increases in certain operating</p> <p>20 costs in 2014 over 2013, I take it.</p> <p>21 MS. PERRY:</p> <p>22 A. Yes, that is correct.</p> <p>23 MR. JOHNSON:</p> <p>24 Q. Yes. And do you know anything about</p> <p>25 historical test years and how they operate?</p>	<p>1 A. I would suspect historical test years may be</p> <p>2 problematic if you were in a time of growth or</p> <p>3 in a time of change because your future is</p> <p>4 probably not going to look like your past,</p> <p>5 which is pretty simple, I guess, so in a</p> <p>6 period of high growth it might be a bit</p> <p>7 problematic.</p> <p>8 MR. JOHNSON:</p> <p>9 Q. But in terms of giving visibility, you much</p> <p>10 prefer as a CFO to be dealing with a future</p> <p>11 test year as opposed to a past, even a partial</p> <p>12 past, correct?</p> <p>13 MS. PERRY:</p> <p>14 A. Our forecast today, yes, they're forward based</p> <p>15 on the future expectation, but it's built off</p> <p>16 of the past experience, I guess, of</p> <p>17 Newfoundland Power. I look at our sales, it</p> <p>18 comes from our historical sales base, even our</p> <p>19 operating costs are built off of the previous</p> <p>20 year, so I get the point that if it's solely</p> <p>21 based on historical without any adjustment for</p> <p>22 known and measurable differences, there's some</p> <p>23 disconnect in the two.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. You mentioned known and measurable differences</p>
Page 94	Page 96
<p>1 MS. PERRY:</p> <p>2 A. In any particular jurisdiction, Mr. Johnson or</p> <p>3 -</p> <p>4 MR. JOHNSON:</p> <p>5 Q. No, just the concept of in this jurisdiction</p> <p>6 we use a forward looking test year and in some</p> <p>7 jurisdictions they do not, they use a</p> <p>8 historical test year or part historical, part</p> <p>9 partial, do you know anything about those</p> <p>10 historical type test years?</p> <p>11 MS. PERRY:</p> <p>12 A. From what perspective? Like I understand how</p> <p>13 they work in terms of they take their</p> <p>14 historical financials and adjust for known and</p> <p>15 measurable differences I believe is the -</p> <p>16 MR. JOHNSON:</p> <p>17 Q. In some instances and some are purely</p> <p>18 historic.</p> <p>19 MS. PERRY:</p> <p>20 A. Oh okay.</p> <p>21 MR. JOHNSON:</p> <p>22 Q. And so, how--what would be the disadvantage of</p> <p>23 using historical test year to a utility, Ms.</p> <p>24 Perry?</p> <p>25 MS. PERRY:</p>	<p>1 and where did you learn about that concept,</p> <p>2 through Ms. McShane's evidence?</p> <p>3 MS. PERRY:</p> <p>4 A. Through a discussion with Ms. McShane and Mr.</p> <p>5 Alteen, actually.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. Okay, and so you're aware that--it's regarded,</p> <p>8 is it not, that forward test years are more</p> <p>9 advantageous to a utility than historic test</p> <p>10 years?</p> <p>11 MS. PERRY:</p> <p>12 A. I wouldn't be able to make that observation,</p> <p>13 Mr. Johnson.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. I gave you a cross-examination document in</p> <p>16 advance and I didn't labour it, but I just</p> <p>17 want to bring it to you, it's forward test</p> <p>18 years for US electric utilities prepared for</p> <p>19 the Edison Electric Institute.</p> <p>20 MS. PERRY:</p> <p>21 A. Yes, I have that.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. Dated August 2010.</p> <p>24 MS. GLYNN:</p> <p>25 Q. Mr. Johnson, we'll enter that onto the record</p>



Page 97	Page 99
<p>1 as Information Item No. 11.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. Thank you.</p> <p>4 MS. GLYNN:</p> <p>5 Q. It was filed on January 9th.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. I'm referring to the top paragraph of the</p> <p>8 executive summary. It indicates, the very</p> <p>9 first paragraph in the executive summary on</p> <p>10 this paper is "US investor owned electric</p> <p>11 utilities, electric IOUs in jurisdictions with</p> <p>12 historical test year rate cases are grappling</p> <p>13 today with financial stresses that threaten</p> <p>14 their ability to serve the public well. Unit</p> <p>15 costs are rising because growth and sales</p> <p>16 volumes and other billing determinants is not</p> <p>17 keeping pace with growth and cost. Cost</p> <p>18 growth is stimulated by the need to rebuild</p> <p>19 and expand legacy infrastructure and to meet</p> <p>20 environmental and other public policy goals.</p> <p>21 In this situation, historical test years still</p> <p>22 use in almost 20 United States US</p> <p>23 jurisdictions can erode credit quality and</p> <p>24 condemn IOUs to chronic under earning." And</p> <p>25 then the report goes on, I filed it for the</p>	<p>1 rebuilding and expanding legacy</p> <p>2 infrastructure, all that would apply, would</p> <p>3 you prefer--would it give you greater</p> <p>4 visibility to be having the use of a future</p> <p>5 test year or a historic or a hybrid, what</p> <p>6 would you prefer?</p> <p>7 MS. PERRY:</p> <p>8 A. I haven't really thought about it or applied</p> <p>9 it to Newfoundland Power, but I do see</p> <p>10 Newfoundland Power's as being a bit of hybrid</p> <p>11 with respect to how we prepare, given that we</p> <p>12 do base a lot of our forward costs on past</p> <p>13 results.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. But if that be the case, sure there can't be a</p> <p>16 future test year for anybody because I would</p> <p>17 have thought that a utility would always</p> <p>18 consider its past cost history in putting</p> <p>19 forward a future test year.</p> <p>20 MS. PERRY:</p> <p>21 A. Maybe Mr. Johnson, yes.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. And that cannot be unique to Newfoundland</p> <p>24 Power, surely. So you're not prepared or are</p> <p>25 you prepared to concede that it's more</p>
Page 98	Page 100
<p>1 information of the Board. So there's to be no</p> <p>2 doubt in your mind, Ms. Perry, that the type</p> <p>3 of test year that a utility can avail itself</p> <p>4 of would be a relevant consideration for</p> <p>5 comparing utilities for cost of capital</p> <p>6 purposes, correct?</p> <p>7 (11:45 a.m.)</p> <p>8 MS. PERRY:</p> <p>9 A. I will agree that that's what this is saying</p> <p>10 in this report, yes.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. And would you depart from what that Edison</p> <p>13 paper is stating? Because otherwise all</p> <p>14 you're doing is agreeing that it's in the</p> <p>15 report.</p> <p>16 MS. PERRY:</p> <p>17 A. Well I take it that, you know, this is a</p> <p>18 reputable company doing this report, so I can</p> <p>19 read what they're saying, but for me to make</p> <p>20 the assessment myself with my own personal</p> <p>21 opinion, I mean, I can't provide that.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. Let us put it this way, Ms. Perry, as CFO of</p> <p>24 Newfoundland Power, an electric utility that</p> <p>25 has to keep pace with growth and costs and</p>	<p>1 advantageous for Newfoundland Power to have a</p> <p>2 future than a historic?</p> <p>3 MS. PERRY:</p> <p>4 A. Not at this point I can't, no, Mr. Johnson,</p> <p>5 no.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. We touched on the concept of interim rates</p> <p>8 that are provided for under Section 75 of the</p> <p>9 Public Utilities Act in this province and in</p> <p>10 the course, in this very GRA process you would</p> <p>11 be aware that Newfoundland Power was concerned</p> <p>12 with whether the Board would be in a position</p> <p>13 to make necessary determinations on the 2013,</p> <p>14 2014 application in a timeframe that would</p> <p>15 allow Newfoundland Power to implement the</p> <p>16 change in rates, and so therefore, although</p> <p>17 the application has now been withdrawn because</p> <p>18 it got worked out otherwise, but Newfoundland</p> <p>19 Power applied for interim rates and they</p> <p>20 stated that if Newfoundland Power was unable</p> <p>21 to implement the change in the current</p> <p>22 customer rates in a timely manner, it might be</p> <p>23 deprived of the opportunity to earn a just and</p> <p>24 reasonable return on rate base for 2013, as</p> <p>25 required under Section 80 of the Act. So you</p>

Page 101	Page 103
<p>1 are aware of that application?</p> <p>2 MS. PERRY:</p> <p>3 A. Oh yes, I'm aware.</p> <p>4 MR. JOHNSON:</p> <p>5 Q. And you would have recommended that</p> <p>6 application, no doubt.</p> <p>7 MS. PERRY:</p> <p>8 A. Yes.</p> <p>9 MR. JOHNSON:</p> <p>10 Q. Okay, and in terms of the ability of</p> <p>11 Newfoundland Power to apply for interim rates</p> <p>12 to the Board, how was that a beneficial</p> <p>13 feature for Newfoundland Power and its</p> <p>14 investors?</p> <p>15 MS. PERRY:</p> <p>16 A. Can you repeat the question, Mr. Johnson?</p> <p>17 MR. JOHNSON:</p> <p>18 Q. The ability of Newfoundland Power to avail of</p> <p>19 Section 75 of the Public Utilities Act to</p> <p>20 apply for interim rates, how was that a</p> <p>21 beneficial feature for Newfoundland Power and</p> <p>22 its investors?</p> <p>23 MS. PERRY:</p> <p>24 A. I think the use of interim rates is a</p> <p>25 mechanism that is used when rates are not set</p>	<p>1 and I've read limiting its use to unusually</p> <p>2 dyer circumstances. And I'd like just to</p> <p>3 know, obviously it seems to me, as a CFO, that</p> <p>4 it would be much better to have accessed</p> <p>5 interim rates than to be put to a jurisdiction</p> <p>6 where there was impediments in the way of</p> <p>7 getting interim rates, would you not agree?</p> <p>8 MS. PERRY:</p> <p>9 A. I don't fully understand the fullness of those</p> <p>10 jurisdictions, so, but in isolation I do agree</p> <p>11 with interim rates to be filed, yes, I do.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. And that's like agreeing that the lights are</p> <p>14 on. But I mean, what I'm asking, would you</p> <p>15 agree that there is--that the ability to seek</p> <p>16 interim rates in an unimpeded fashion is a</p> <p>17 benefit, an advantage to Newfoundland Power</p> <p>18 over a situation where there were impediments</p> <p>19 to it seeking interim relief.</p> <p>20 MS. PERRY:</p> <p>21 A. Mr. Chairman, I would agree that interim rates</p> <p>22 is, as I said I agree with in that it allows</p> <p>23 Newfoundland Power the opportunity to earn a</p> <p>24 reasonable return in a specific year. Without</p> <p>25 that or if there were impediments of some sort</p>
Page 102	Page 104
<p>1 at the beginning of a test period. In our</p> <p>2 case right here, we were going into 2013</p> <p>3 without final rates, so it was viewed that an</p> <p>4 appropriate way to deal with that was to</p> <p>5 declare the rates interim on January 1st.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. Would you have concerns if there were</p> <p>8 legislative barriers to Newfoundland Power's</p> <p>9 ability to apply for interim rates?</p> <p>10 MS. PERRY:</p> <p>11 A. At a high level I think I would be concerned,</p> <p>12 if I was going into a year without certainty</p> <p>13 around final rates, so I'm not quite sure I</p> <p>14 understand the question.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. Well, I'll put it to you and it's not an issue</p> <p>17 I'll get in deeply with you, Ms. Perry, but I</p> <p>18 will be bringing it up with some other</p> <p>19 witnesses here in this case, but in some</p> <p>20 United States cases, it's certainly with</p> <p>21 regulatory lag concerns which I will also</p> <p>22 address, that in some states utilities are</p> <p>23 allowed to petition for interim rate relief,</p> <p>24 but in others, they are only permitted to look</p> <p>25 for such rate relief in emergency situations</p>	<p>1 that prevented Newfoundland Power a reasonable</p> <p>2 opportunity to earn its return, yes, I would</p> <p>3 agree that would be a worse situation than not</p> <p>4 having an opportunity to earn your return.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. Newfoundland Power by law in this jurisdiction</p> <p>7 must seek prior approval for capital budget</p> <p>8 expenditures, you're aware of that?</p> <p>9 MS. PERRY:</p> <p>10 A. Yes, I am aware.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. And the prior approval of capital budgets is</p> <p>13 something that's referenced, you'll agree with</p> <p>14 me by the bond rating agencies in Newfoundland</p> <p>15 Power's case?</p> <p>16 MS. PERRY:</p> <p>17 A. Yes, I would agree.</p> <p>18 MR. JOHNSON:</p> <p>19 Q. And why is the prior approval scheme seen to</p> <p>20 be of benefit to Newfoundland Power?</p> <p>21 MS. PERRY:</p> <p>22 A. Well I think any time you're spending money,</p> <p>23 having permission to do so is rule number one,</p> <p>24 so the point of it is that we only invest in</p> <p>25 assets that have been reviewed and approved by</p>

Page 105	Page 107
<p>1 this Board as opposed to being so far down the</p> <p>2 construction of an asset and determining that</p> <p>3 it was disallowed. So obviously it's better</p> <p>4 to get permission to spend money prior to</p> <p>5 spending.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. And would you consider that whether a utility</p> <p>8 is subject to a prior approval process that</p> <p>9 that is a factor that the Board should</p> <p>10 consider in comparing risks between utilities?</p> <p>11 MS. PERRY:</p> <p>12 A. It can certainly be a factor, but I think it's</p> <p>13 in context of how it's been working as well, I</p> <p>14 suspect. If a jurisdiction is set up such</p> <p>15 that approval is not sought prior but after</p> <p>16 and there have been on issues with respect to</p> <p>17 recovery of prudent costs, then I think that</p> <p>18 levels the playing field somewhat.</p> <p>19 MR. JOHNSON:</p> <p>20 Q. But it's not as safe as a prior approval</p> <p>21 scheme for the utility, is it?</p> <p>22 MS. PERRY:</p> <p>23 A. I would agree, I think it's worthy to have</p> <p>24 prior approval before, yes.</p> <p>25 KELLY, Q.C.:</p>	<p>1 Kelly should interrupt me.</p> <p>2 CHAIRMAN:</p> <p>3 Q. Carry on.</p> <p>4 MR. JOHNSON:</p> <p>5 Q. Regarding litigation, Ms. Perry, would it be</p> <p>6 fair to say that Newfoundland Power is not</p> <p>7 involved in much litigation?</p> <p>8 MS. PERRY:</p> <p>9 A. I would say that's a fair observation, yes.</p> <p>10 MR. JOHNSON:</p> <p>11 Q. So that would obviously not be something that</p> <p>12 you and your team would have to devote much</p> <p>13 time and attention to?</p> <p>14 MS. PERRY:</p> <p>15 A. That's correct.</p> <p>16 MR. JOHNSON:</p> <p>17 Q. You are aware with the concept of accelerated</p> <p>18 depreciation for tax purposes?</p> <p>19 MS. PERRY:</p> <p>20 A. You would have to explain that one a little</p> <p>21 bit to me, Mr. Johnson.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. Well I understand that from time to time</p> <p>24 governments, to stimulate the economy, will</p> <p>25 permit companies to write down assets quicker</p>
Page 106	Page 108
<p>1 Q. Mr. Chairman, many of these questions are</p> <p>2 hugely hypothetical in terms of, if my friend</p> <p>3 really wants to get into this kind of a</p> <p>4 discussion, it really should be with the</p> <p>5 expert testimony witnesses and be able to put</p> <p>6 to them the precise parameters of some other</p> <p>7 jurisdiction, if that's the case. This</p> <p>8 witness has said, you know, she doesn't have</p> <p>9 expertise in other American jurisdictions.</p> <p>10 MR. JOHNSON:</p> <p>11 Q. Mr. Chairman, I have not embarked on bringing</p> <p>12 Ms. Perry through the American examples in the</p> <p>13 record, but I think it is certainly material</p> <p>14 to ask this witness of her view of some of</p> <p>15 these regulatory features that exist in this</p> <p>16 jurisdiction because they are, for instance,</p> <p>17 referred to in the company's own evidence in</p> <p>18 their exhibits that are attached to their</p> <p>19 application from Moody's and DBRS and I think</p> <p>20 it's good to get an on the ground assessment</p> <p>21 from the witness as to what the benefits are</p> <p>22 to the utility of these, so I'm just going</p> <p>23 down through them one at a time, I'm not</p> <p>24 bringing her through, you know, Vectren or</p> <p>25 Consolidated and I don't understand why Mr.</p>	<p>1 in an effort to stimulate the economy, you</p> <p>2 know, sort of a stimulus type mechanism, and</p> <p>3 that would have benefits to utilities, I take</p> <p>4 it, and their investors, would it not? If you</p> <p>5 were allowed to write down an asset for tax</p> <p>6 purposes more quickly?</p> <p>7 MS. PERRY:</p> <p>8 A. If we were allowed to write down the assets</p> <p>9 more quickly for tax purposes, that would tend</p> <p>10 to lower Newfoundland Power's effective tax</p> <p>11 rate, I would agree, yes.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. And in terms of this Board's determining</p> <p>14 whether, because as Newfoundland Power has</p> <p>15 indicated in response to the Board's staff</p> <p>16 questions, Newfoundland Power has said that</p> <p>17 amongst other things an essential</p> <p>18 characteristic of a fair return is that it is</p> <p>19 commensurate with that available on</p> <p>20 investments in comparable risk enterprises.</p> <p>21 And would you, in the utility context, agree</p> <p>22 with me that some of the factors to be</p> <p>23 considered would be competition, whether it's</p> <p>24 competition that's faced by the utility?</p> <p>25 MS. PERRY:</p>

Page 109	Page 111
<p>1 A. Yes.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. What sector the particular utility would fall</p> <p>4 into, whether it be transmission,</p> <p>5 distribution, vertically integrated.</p> <p>6 MS. PERRY:</p> <p>7 A. Well I think it would be a consideration, yes.</p> <p>8 MR. JOHNSON:</p> <p>9 Q. Level of non-regulated business?</p> <p>10 MS. PERRY:</p> <p>11 A. Yes, I would agree.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. Test year type?</p> <p>14 MS. PERRY:</p> <p>15 A. That one I'm not sure about, but -</p> <p>16 MR. JOHNSON:</p> <p>17 Q. Type and number of customers?</p> <p>18 MS. PERRY:</p> <p>19 A. I think customer profile could be a</p> <p>20 consideration, yes.</p> <p>21 MR. JOHNSON:</p> <p>22 Q. So for instance in Newfoundland Power's case,</p> <p>23 it's largely residential, commercial and not</p> <p>24 exposed to industrial, that would be spoken</p> <p>25 about as a positive in Newfoundland Power's</p>	<p>1 environment to be generally supportive and I</p> <p>2 mean, we've heard evidence from an American</p> <p>3 witness in the last GRA, Mr. Cicchetti who</p> <p>4 characterized it, and you will recall Mr.</p> <p>5 Cicchetti testified, he recalled it as</p> <p>6 exceptional regulation, and he--and as well</p> <p>7 the bond rating agencies, for instance Moody's</p> <p>8 talks about how Canada is a very good</p> <p>9 regulatory environment, always considered this</p> <p>10 Board to be supportive, and I'm wondering why</p> <p>11 would it be just considered generally</p> <p>12 supportive?</p> <p>13 MS. PERRY:</p> <p>14 A. Well again, Mr. Chairman, I'd hate to try to</p> <p>15 interpret Mr. Ludlow's words and--but it</p> <p>16 wasn't meant that it was negative, it</p> <p>17 certainly, from Mr. Ludlow's perspective, was</p> <p>18 in relation to other jurisdictions that he's</p> <p>19 been in and on a relative basis it was</p> <p>20 comparable to the regulatory support in other</p> <p>21 jurisdictions, so I didn't see it as a</p> <p>22 negative, but I think we all agree that we</p> <p>23 have a supportive regulatory environment.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. Okay. Regarding weather normalization, Ms.</p>
Page 110	Page 112
<p>1 risk profile. Do you share that assessment?</p> <p>2 MS. PERRY:</p> <p>3 A. Was it said by someone, Mr. Johnson, or -</p> <p>4 MR. JOHNSON:</p> <p>5 Q. Well it's said by your rating agencies.</p> <p>6 MS. PERRY:</p> <p>7 A. Yes, it was said by the rating agencies, yes.</p> <p>8 MR. JOHNSON:</p> <p>9 Q. And you would agree with their assessment that</p> <p>10 that's a risk positive for Newfoundland Power?</p> <p>11 MS. PERRY:</p> <p>12 A. From a credit rating agency, yes, they look at</p> <p>13 it as more stable revenue.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. And from a business perspective it's more</p> <p>16 stable too, is it not?</p> <p>17 MS. PERRY:</p> <p>18 A. Yes, but it does have a limited growth side to</p> <p>19 it as well, I guess, so there's two sides to</p> <p>20 the coin.</p> <p>21 MR. JOHNSON:</p> <p>22 Q. Yes, okay. And regulatory supportiveness</p> <p>23 would be the factor. Now, Ms. Perry, I must</p> <p>24 say to you that I was a bit surprised to hear</p> <p>25 that Newfoundland Power considered regulatory</p>	<p>1 Perry, Newfoundland Power has full weather</p> <p>2 normalization protection and Ms. Perry if</p> <p>3 Newfoundland Power lost weather normalization</p> <p>4 protection, like it's had for many years and</p> <p>5 I'm not advocating that, but Newfoundland</p> <p>6 Power's risk profile, what would happen to it</p> <p>7 in that instance?</p> <p>8 MS. PERRY:</p> <p>9 A. Well certainly the weather normalization</p> <p>10 smooths, for a lack of a better word,</p> <p>11 Newfoundland Power's revenue and cost of power</p> <p>12 for the impact of weather and the variations</p> <p>13 that are applied to this account would, in</p> <p>14 essence, hit or be positive to the corporation</p> <p>15 earnings in those particular years without the</p> <p>16 weather normalization account, so certainly</p> <p>17 earnings would be more volatile without it,</p> <p>18 but as we've said in evidence, the weather</p> <p>19 normalization reserves are quite common in</p> <p>20 Canada and so certainly Newfoundland Power is</p> <p>21 not out of step with having a weather</p> <p>22 normalization reserve.</p> <p>23 MR. JOHNSON:</p> <p>24 Q. No, and I'm not suggesting you are, but if you</p> <p>25 lost the weather normalization reserve, it</p>

Page 113	Page 115
<p>1 would increase, would it not, your risk 2 profile, do you think?</p> <p>3 MS. PERRY:</p> <p>4 A. Relative to other utilities with a substantial 5 heating load? Yes, I would agree.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. Yes, okay. And would you agree with me that 8 weather normalization reserve has played a 9 significant role over the years in reducing 10 earnings volatility of Newfoundland Power?</p> <p>11 MS. PERRY:</p> <p>12 A. Can you repeat the question, Mr. Johnson?</p> <p>13 MR. JOHNSON:</p> <p>14 Q. Would it be fair to say that the weather 15 normalization reserve has played a significant 16 role over the years in reducing the earnings 17 volatility of Newfoundland Power?</p> <p>18 MS. PERRY:</p> <p>19 A. In isolation I would agree, yes, but relative 20 to other utilities, no, because others have a 21 weather normalization reserve as well, so on a 22 relative basis, we're equal.</p> <p>23 MR. JOHNSON:</p> <p>24 Q. You're talking about other jurisdictions in 25 Canada?</p>	<p>1 MS. PERRY:</p> <p>2 A. Yes.</p> <p>3 MS. GLYNN:</p> <p>4 Q. And that will be entered as Information Item 5 No. 12.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. We asked in that GRA a few years ago to 8 provide a table basically setting out 9 adjustments to the weather normalization 10 account and the rate stabilization account was 11 also added as a percentage of return on equity 12 for each year from 1986 to the present, along 13 with any appropriate commentary. And a table 14 was provided showing adjustments to the 15 weather normalization account and the rate 16 stabilization account as a percentage of 17 return on equity for the period 1986 to 2006, 18 and it shows that the total adjustments 19 express as a percentage of return on equity 20 vary from a negative 11.2 to a positive 11.6 21 and it points out an average for the entire 22 period of one percent. But if we see on the 23 chart next to it or following it and I 24 appreciate this just brings us up to 2006, but 25 it would save having to ask you to do it</p>
Page 114	Page 116
<p>1 MS. PERRY:</p> <p>2 A. I am.</p> <p>3 MR. JOHNSON:</p> <p>4 Q. Not the United States, right?</p> <p>5 MS. PERRY:</p> <p>6 A. I haven't done a survey of the ones in United 7 States, but I do believe if we go to Appendix 8 B, to Ms. McShane's evidence in which she 9 outlines all of the comparable utilities, 10 within that a number of utilities do have a 11 weather normalization reserve in the United 12 States, yes, or some form of weather variance 13 reserves.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. But you're also aware that quite a number do 16 not?</p> <p>17 MS. PERRY:</p> <p>18 A. I believe nine of the thirteen utilities in 19 Ms. McShane's evidence had it and that's all 20 I'm aware of.</p> <p>21 MR. JOHNSON:</p> <p>22 Q. Well I'll take that up with Ms. McShane, not 23 you. But if you could turn to the answer, 24 again this was a cross aide, which is from the 25 2008 GRA, CANP-141?</p>	<p>1 again, but you do see, for instance, 2004, 2 2005, 2006 some significant balances there in 3 the weather normalization. So that would be a 4 significant issue for volatility of earnings, 5 at least on a year to year basis, right?</p> <p>6 MS. PERRY:</p> <p>7 A. Yes, I would agree, which is why we applied 8 and we have a weather normalization account.</p> <p>9 MR. JOHNSON:</p> <p>10 Q. And the earnings volatility is another way of 11 saying, you know, your earnings are up and 12 down in a particular year on account of 13 something like this, and would--if 14 Newfoundland Power did not have this weather 15 normalization protection, its risk would go up 16 as an investment?</p> <p>17 MS. PERRY:</p> <p>18 A. Again, relative to other utilities with the 19 weather normalization reserves that have, 20 would have similar sales profile like 21 Newfoundland Power, yes, everything else being 22 equal, I would agree that the weather would 23 factor into the volatility in Newfoundland 24 Power's sales and hence earnings.</p> <p>25 MR. JOHNSON:</p>

Page 117	Page 119
<p>1 Q. Regarding PEVDA, the PEVDA account came into 2 force January 1st, 2010, do you recall that?</p> <p>3 MS. PERRY:</p> <p>4 A. Yes, that is correct.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. And prior to PEVDA, Ms. Perry, I think you 7 will confirm that Newfoundland Power was at 8 risk for any degree of variability and/or 9 predictability that was associated with 10 forecasting pension expense, correct?</p> <p>11 MS. PERRY:</p> <p>12 A. Yes, I would agree; however, as we laid out in 13 the 2009 evidence, the predictability of the 14 pension expense had changed substantially from 15 where it was prior to 2008.</p> <p>16 MR. JOHNSON:</p> <p>17 Q. Okay, and you did point that out in the last 18 case, but in terms of the variability that 19 existed prior to that account's establishment, 20 that variability could arise, I take it, from 21 falling or a rising pension asset values, 22 right?</p> <p>23 MS. PERRY:</p> <p>24 A. Yes, that is correct.</p> <p>25 MR. JOHNSON:</p>	<p>1 the forecast pension costs for the upcoming 2 year.</p> <p>3 MR. JOHNSON:</p> <p>4 Q. And in terms of--and so the rising or falling 5 pension asset values, that was always there 6 prior to discount rate variability, right?</p> <p>7 MS. PERRY:</p> <p>8 A. Yes, but I would state that 2008 was a big hit 9 to the return. We lost 16 percent in 2008, so 10 we had not experienced that prior.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. But there's been years, I'm sure, in the past 13 where there's been sizable losses and sizable 14 gains.</p> <p>15 MS. PERRY:</p> <p>16 A. I would have to check way back in history, but 17 certainly not in my recollection.</p> <p>18 MR. JOHNSON:</p> <p>19 Q. Could I turn you to -- I won't turn you there, 20 I'll just reflect it for the record. The 21 Commissioners can read it at some point. But 22 in CA-NP-596 I asked Newfoundland Power to 23 please quantify -- well, we can go there. I 24 asked Newfoundland Power to quantify in dollar 25 terms the amount of risk that Newfoundland</p>
Page 118	Page 120
<p>1 Q. And changes in the discount rate as well, 2 right?</p> <p>3 MS. PERRY:</p> <p>4 A. Yes.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. Okay, and how would the forecasting of pension 7 expense be impacted by the falling or rising 8 pension asset values?</p> <p>9 MS. PERRY:</p> <p>10 A. Just so I understand the question, Mr. 11 Johnson, how would the pension expense be 12 impacted?</p> <p>13 MR. JOHNSON:</p> <p>14 Q. How could the forecasting of the pension 15 expense be impacted by falling or rising 16 pension asset values?</p> <p>17 MS. PERRY:</p> <p>18 A. Well certainly if we forecast forward our 19 pension expense, we take the best available 20 information we have, which would be the most 21 current discount rates and the current earned 22 return on those assets for that particular 23 year, we would then look to the future, with 24 future discount rates and the expected return 25 on the assets and apply that to determining</p>	<p>1 Power was exposed to for each of the five 2 years prior to the PEVDA and then I was told 3 that Newfoundland Power has never performed an 4 assessment on the basis requested. So I've 5 got another aide that we can go to that might 6 shed light on this. And Ms. McShane (sic), 7 this -- oh, I'm sorry, Ms. Perry. Ms. Perry, 8 is there any doubt, I mean, are we really in 9 any dispute at all that the PEVDA did reduce 10 risk that Newfoundland Power previously had 11 been subject to?</p> <p>12 MS. PERRY:</p> <p>13 A. Mr. Chairman, during the last rate case when 14 we applied for the PEVDA, circumstances had 15 changed. Prior to that period, the volatility 16 in discount rates just simply wasn't there. 17 We saw a two percent movement in discount 18 rates in one year in 2008. So we had not seen 19 those movements prior. So, not having that 20 level of volatility with assets and discount 21 rates, you're given an opportunity to project 22 forward with some reasonable basis. But in 23 2008, and hence when we came forward in 2009, 24 the world had substantially changed with 25 respect to the volatility with discount rates.</p>

Page 121	Page 123
<p>1 So I'm not sure that I will agree that I was</p> <p>2 exposed to the same level of risk because the</p> <p>3 risk wasn't there prior. This variability</p> <p>4 wasn't there prior to this time period.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. But there was certainly -- there was still</p> <p>7 certainly forecast risk prior to that</p> <p>8 volatility of some degree, but -</p> <p>9 MS. PERRY:</p> <p>10 A. Certainly.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. - but now, Ms. Perry, you confirm for us that</p> <p>13 that risk has been totally eliminated, right,</p> <p>14 by the PEVDA?</p> <p>15 MS. PERRY:</p> <p>16 A. Currently, yes, I would agree.</p> <p>17 MR. JOHNSON:</p> <p>18 Q. Right.</p> <p>19 MS. PERRY:</p> <p>20 A. But again, risk is a relative thing. Pension</p> <p>21 expense deferral accounts are also common with</p> <p>22 regulated utilities, so Newfoundland Power is</p> <p>23 certainly no more or less exposed than those</p> <p>24 other utilities.</p> <p>25 MR. JOHNSON:</p>	<p>1 difference, so the pension expense was a bit</p> <p>2 higher than the test year pension expense in</p> <p>3 that year, I take it?</p> <p>4 MS. PERRY:</p> <p>5 A. Yes, that's how this particular RFI was</p> <p>6 completed. It was completed on the basis that</p> <p>7 the base was the test year in 2004, yes.</p> <p>8 MR. JOHNSON:</p> <p>9 Q. Okay. And so, to put the 490 into</p> <p>10 perspective, if in that particular year, if</p> <p>11 you had a PEVDA, the 490 would have just been</p> <p>12 absorbed into the PEVDA and it would not have</p> <p>13 been an extra expense that Newfoundland Power</p> <p>14 would have had to meet over test year forecast</p> <p>15 of the pension expense? Would that be right?</p> <p>16 MS. PERRY:</p> <p>17 A. Mechanically speaking, I think, yes, that's</p> <p>18 right. We didn't have a PEVDA then, but if</p> <p>19 you were to base it off of 2004, yes.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. And 2005, it was 1.5 million; 2006, but there</p> <p>22 might be some early retirements captured into</p> <p>23 that as well, I would take it, early</p> <p>24 retirement packages. Would that be right?</p> <p>25 MS. PERRY:</p>
Page 122	Page 124
<p>1 Q. Who might have them, but I thought that to the</p> <p>2 extent -- to the extent that there was any</p> <p>3 risk at all prior to PEVDA on forecasting</p> <p>4 pension expense, that has been taken away,</p> <p>5 correct?</p> <p>6 MS. PERRY:</p> <p>7 A. I will agree with that, yes.</p> <p>8 MR. JOHNSON:</p> <p>9 Q. And as I pointed out in this CA-NP-596 when I</p> <p>10 referred, Newfoundland Power was asked to</p> <p>11 provide that but they've told me they've never</p> <p>12 performed an assessment on the basis</p> <p>13 requested, and so I'd like to bring you to</p> <p>14 another answer from the 2010 GRA which would</p> <p>15 be Information -- I'm not sure, Ms. Glynn?</p> <p>16 MS. GLYNN:</p> <p>17 Q. That hasn't been entered yet, so Information</p> <p>18 Item No. 13.</p> <p>19 MR. JOHNSON:</p> <p>20 Q. That can be No. 13. That would be the CA-NP-</p> <p>21 189. Ms. Perry, this table provided the Pro</p> <p>22 forma transfers to or from the Pension Expense</p> <p>23 Variance Deferral Account based on the pension</p> <p>24 expense for each year from 2004 to 2009 and</p> <p>25 so, for instance, in 2004, \$490,000</p>	<p>1 A. Yes, the pension numbers, Mr. Chairman, that</p> <p>2 you're looking at here, the pension expense</p> <p>3 numbers, are inclusive of an early retirement</p> <p>4 program that we completed in 2005 and I do</p> <p>5 recall at the last hearing where we were</p> <p>6 specifically asked would the PEVDA include</p> <p>7 changes to pension expense that were within</p> <p>8 management's control and we advised no at that</p> <p>9 time, and certainly an early retirement</p> <p>10 program would be one of those decisions we</p> <p>11 would make and would be within management's</p> <p>12 control. So if you are comparing apples to</p> <p>13 apples, you would have to remove the early</p> <p>14 retirement program cost from pension expense</p> <p>15 here because they would not be captured by the</p> <p>16 PEVDA.</p> <p>17 (12:15 p.m.)</p> <p>18 MR. JOHNSON:</p> <p>19 Q. Well say, 2004, the 490 was not an example of</p> <p>20 that?</p> <p>21 MS. PERRY:</p> <p>22 A. No, that was prior to the early retirement</p> <p>23 program.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. And that's real money. That's \$500,000,</p>

Page 125	Page 127
<p>1 right? So that's a risk that you no longer</p> <p>2 have to worry about as Newfoundland Power's</p> <p>3 CFO?</p> <p>4 MS. PERRY:</p> <p>5 A. We had the risk. The risk of the exposure was</p> <p>6 much more limited than what it is today.</p> <p>7 MR. JOHNSON:</p> <p>8 Q. Okay. But back in 2004, I think your evidence</p> <p>9 would confirm that the discount rate issue</p> <p>10 bouncing around, that was not an issue then</p> <p>11 because that only arose later, right?</p> <p>12 MS. PERRY:</p> <p>13 A. That was later, yes.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. Yes. And now, the volatility and discount</p> <p>16 rates are much reduced, I take it?</p> <p>17 MS. PERRY:</p> <p>18 A. From what particular point, Mr. Johnson?</p> <p>19 MR. JOHNSON:</p> <p>20 Q. From the high point before you applied for</p> <p>21 this PEVDA.</p> <p>22 MS. PERRY:</p> <p>23 A. We haven't seen the two percent, but I believe</p> <p>24 they're about three percent lower still since</p> <p>25 the last time we were here.</p>	<p>1 2012?</p> <p>2 MS. PERRY:</p> <p>3 A. Well, I have yet to go through that, but I've</p> <p>4 been told that I -- but I have to confirm this</p> <p>5 because I haven't looked at the assumptions</p> <p>6 provided by Mercers -- that it's somewhere</p> <p>7 lower than the 490 and closer to the 450.</p> <p>8 MR. JOHNSON:</p> <p>9 Q. Okay. So that would -- are you looking to</p> <p>10 adjust test year expenses upwards then on</p> <p>11 account of the drop in discount rate?</p> <p>12 MS. PERRY:</p> <p>13 A. No, the way that it would operate is that</p> <p>14 changes to OPEB would flow through the OPEVDA</p> <p>15 or the -</p> <p>16 MR. JOHNSON:</p> <p>17 Q. So you're not worried about them, but without</p> <p>18 the OPEBs you would have been worried about</p> <p>19 them and you would have had to file an update,</p> <p>20 would you have not, to your evidence?</p> <p>21 MS. PERRY:</p> <p>22 A. Well, depending on timing and depending on all</p> <p>23 other cost changes, a consideration would have</p> <p>24 had to have been made, I will agree. I will</p> <p>25 also, for the record, note that our pension</p>
Page 126	Page 128
<p>1 MR. JOHNSON:</p> <p>2 Q. Could I turn to the topic of OPEBs, and</p> <p>3 particularly page 39, and I'm referring in</p> <p>4 particular to Table 3.6 which sets out OPEBs</p> <p>5 expense from 2010 to 2014 estimated, and Ms.</p> <p>6 Perry, we see that the OPEBs expense is</p> <p>7 forecasted to take about a 1.2 million dollar</p> <p>8 jump in 2013 and stay pretty close to that</p> <p>9 number again in 2014. You see that?</p> <p>10 MS. PERRY:</p> <p>11 A. Yes, I do.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. Okay. And at footnote 29, which was on the</p> <p>14 following page, at page 310, it says that "the</p> <p>15 forecast discount rate for 2013 and 2014 is</p> <p>16 4.9 percent and is based on current market</p> <p>17 indications. The actual discount rate used to</p> <p>18 value the OPEBs obligation and related annual</p> <p>19 OPEBs expense is determined at December 31st</p> <p>20 each year" and it indicates "the approximately</p> <p>21 5.6 million dollar increase in OPEBs</p> <p>22 obligation as at January 1st, 2012 was</p> <p>23 determined by Mercer, the company's</p> <p>24 actuaries." What did your actuaries determine</p> <p>25 to be the discount rate as at December 31st,</p>	<p>1 assets in our pension plan -- I've not been</p> <p>2 through this, but I've been told that the</p> <p>3 return was higher than our expected return.</p> <p>4 So therefore, that will be a positive to</p> <p>5 customers. So we have things that go down.</p> <p>6 We have things that go up. And you know, you</p> <p>7 have to sort of consider all of them together</p> <p>8 before -- without just one thing in isolation.</p> <p>9 MR. JOHNSON:</p> <p>10 Q. Well, Ms. Perry, what would have been -- or</p> <p>11 can you put a dollar figure on the expense of</p> <p>12 the impact of -- if as you say, and this will</p> <p>13 be subject to confirmation, perhaps you can</p> <p>14 confirm this by way of an undertaking, what</p> <p>15 the discount rate would -- the change in the</p> <p>16 discount rate down to closer -- did you say to</p> <p>17 4.5 from 4.9?</p> <p>18 MS. PERRY:</p> <p>19 A. It's closer to 4.5. I'd have to get the exact</p> <p>20 number.</p> <p>21 MR. JOHNSON:</p> <p>22 Q. Okay. And what would that approximate in</p> <p>23 terms of an increase in the cost of annual</p> <p>24 OPEBs expense?</p> <p>25 MS. PERRY:</p>



Page 129	Page 131
<p>1 A. If we could go to CA-NP-127? I believe that's</p> <p>2 our Annual Report and those sensitivities are</p> <p>3 outlined there. If you could go to the 2011</p> <p>4 Report, Chris? And just go on down. Go to</p> <p>5 the business risk section I believe it is. Go</p> <p>6 on down. Okay, just one more. Just up one</p> <p>7 page, thank you. Right here -</p> <p>8 MR. JOHNSON:</p> <p>9 Q. What page, Ms. Perry?</p> <p>10 MS. PERRY:</p> <p>11 A. Oh, sorry. What page is this, Chris?</p> <p>12 MR. CHRIS WELLS:</p> <p>13 Q. 37.</p> <p>14 MS. PERRY:</p> <p>15 A. So this is -- what's on this chart in the</p> <p>16 Annual Report is actually the sensitivities</p> <p>17 for the change in the discount rate assumption</p> <p>18 and the rate of return on plan assets for the</p> <p>19 company's main pension plan. So you'll see on</p> <p>20 the last two lines, the change in discount</p> <p>21 assumption is really a range of 3.5 to 4</p> <p>22 percent, 4.4 percent, for a one percent change</p> <p>23 in the discount rate.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. Okay. Can you put that into terms that we can</p>	<p>1 Q. \$400,000. And Ms. Perry, in the absence of</p> <p>2 the OPEVA -</p> <p>3 MS. PERRY:</p> <p>4 A. OPEVDA.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. PEVDA, you -- Newfoundland Power, at this</p> <p>7 stage of the rate application, would most</p> <p>8 definitely be providing an update from Mercers</p> <p>9 indicating that the discount rate had gone</p> <p>10 down and the OPEBs expense has gone up,</p> <p>11 correct, and filing -- and having the new</p> <p>12 expected OPEBs expense put into your revenue</p> <p>13 requirement for the test year?</p> <p>14 MS. PERRY:</p> <p>15 A. Well actually, this is not completed yet, the</p> <p>16 2011, and I believe the assumptions letter</p> <p>17 from Mercers, the draft version of it, was</p> <p>18 received a few days ago, so this is new</p> <p>19 information.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. It is new, but let us say that the information</p> <p>22 becomes solidified and it points to a \$400,000</p> <p>23 increase in OPEBs expense for 2013 -- and I</p> <p>24 guess you can update us on what it will be</p> <p>25 while this proceeding is ongoing?</p>
Page 130	Page 132
<p>1 understand in terms of the impact back on the</p> <p>2 annual OPEBs expense in Table 3.6?</p> <p>3 MS. PERRY:</p> <p>4 A. The volatility with respect to OPEBs is more</p> <p>5 in line with a one percent change in discount</p> <p>6 rates, is on average about million dollars in</p> <p>7 OPEBs expense. So if we are -- everything</p> <p>8 else being equal, if we are decreasing our</p> <p>9 OPEBs expense from 490 to 450, that's 40 basis</p> <p>10 points. So it's probably 400,000.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. Over and above what we see for 2013 expected?</p> <p>13 MS. PERRY:</p> <p>14 A. For OPEBs, yes.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. And a similar amount for 2014?</p> <p>17 MS. PERRY:</p> <p>18 A. Yes, that is correct, assuming all else being</p> <p>19 equal.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. Assuming that holds true again. So you say</p> <p>22 about a half million?</p> <p>23 MS. PERRY:</p> <p>24 A. 400,000, yeah.</p> <p>25 MR. JOHNSON:</p>	<p>1 MS. PERRY:</p> <p>2 A. It will be simply just one of our costs</p> <p>3 though, Mr. Johnson. I guess I have concern</p> <p>4 about just displaying one cost associated with</p> <p>5 Newfoundland Power, but yes, we can get that</p> <p>6 number.</p> <p>7 MR. JOHNSON:</p> <p>8 Q. Okay. I'm just going to ask an obvious</p> <p>9 question, Ms. Perry. The obvious question, it</p> <p>10 seems to me, is that in the absence of the</p> <p>11 OPEVDA, there'd be no two ways around the fact</p> <p>12 that if Newfoundland Power was in a general</p> <p>13 rate application and their actuaries had just</p> <p>14 told them that discount rate is going up and</p> <p>15 the annual OPEBs expense was going to have --</p> <p>16 or discount rate is going down, so the OPEBs</p> <p>17 annual expense is going up, you'd definitely</p> <p>18 be filing an update saying we'd have to change</p> <p>19 the revenue requirement by the four or five</p> <p>20 hundred thousand dollars. You wouldn't eat</p> <p>21 that, would you?</p> <p>22 MS. PERRY:</p> <p>23 A. I would have to look at in the context of all</p> <p>24 of our costs. I mean, that's how we would</p> <p>25 base a decision of whether we would refile a</p>

Page 133	Page 135
<p>1 forecast and if it was materially different, 2 then yes, we would consider refiling. 3 MR. JOHNSON: 4 Q. And getting to the underlying, one part of the 5 OPEB is the drug benefit for both employees 6 and retirees, correct? 7 MS. PERRY: 8 A. That is correct, yes. 9 MR. JOHNSON: 10 Q. And your plan reimburses only for the lowest 11 price interchangeable drug unless the 12 physician indicates no substitution. That's 13 what the plan calls for? 14 MS. PERRY: 15 A. That is correct, yes. 16 MR. JOHNSON: 17 Q. And I have brought before you for a cross- 18 examination aide a document entitled Maximum - 19 - or a printout from the Health and Community 20 Services website. 21 MS. GLYNN: 22 Q. That would be Information Item 14. 23 MR. JOHNSON: 24 Q. 14. This is an introduction to the 25 Newfoundland and Labrador Interchangeable Drug</p>	<p>1 exceed the maximum price as set out in the 2 following table as of the applicable dates" 3 and I understand that this came into force of 4 law in April of 2012, April 16th, and it says 5 "from April 16th, 2012 to September 30th, 6 2012, the maximum price to be charged is 45 7 percent of the brand name price" and then from 8 October 1st, 2012 to March 31st, 2013, it 9 drops, 40 percent of the brand price would be 10 the maximum allowed, and April 1st, 35 percent 11 of the brand price, and Ms. Perry, I asked a 12 question of Newfoundland Power when I was made 13 aware of this, which was late in the day, I 14 have to confess, about whether this would be 15 taken into account in Newfoundland Power's 16 2013 and 2014 OPEBs expense and before turning 17 to the reply, will it be reflected in the test 18 year requirements, this change? Because 19 presumably it'll mean that the cost will be 20 going down under this price control 21 legislation. 22 MS. PERRY: 23 A. So in the response to the question that the 24 Consumer Advocate had with respect to would 25 this impact our -</p>
Page 134	Page 136
<p>1 Products Formulary that's printed off 2 relatively recently, in January 2013, and this 3 gives background on what the province has done 4 in relation to the formulary. And as I 5 understand it, Ms. Perry, essentially what has 6 happened is that a regulation has been brought 7 in, which is also going to be filed as an 8 information piece. The regulation is brought 9 under the Pharmaceutical Act, as I understand 10 it, and the impact is that the province 11 basically has brought in price controls on 12 generic drugs, right? 13 MS. PERRY: 14 A. That is my understanding, yes. 15 MR. JOHNSON: 16 Q. Okay. And if we turn to page two of six of 17 that -- oh, I'm sorry, not two of six. It 18 would be page three of six. Actually, I think 19 you should still be back on the -- or maybe 20 you are. No, you are, okay. Keep on going 21 down to where -- there you are. Keep going. 22 Yes. And essentially, they've set out in this 23 information document what the regulation 24 states and it states that "the price for a 25 product listed in the formulary shall not</p>	<p>1 MR. JOHNSON: 2 Q. CA-NP-683. I guess we might as well go there. 3 (12:30 p.m.) 4 MS. PERRY: 5 A. Yes, CA-NP-683. So what this response to the 6 RFI states is that the impact of the 7 regulations will or should be expected to 8 reduce the cost of drugs inside the program. 9 So, the theory, and conceptually this is true, 10 that the less you have to pay for drugs, then 11 the lower your health care trend rate should 12 be, all else being equal. So I had a further 13 discussion with our actuaries which provide 14 the long term health care trend rate and the 15 answer wasn't a surprise in the fact that the 16 health care trend rate, as stated here, is 17 based on historical claims experience, 18 expectations related to aging, drug 19 consumption, long term expectations for future 20 drug costs. So this is one variable inside. 21 All else being equal, I will agree that the 22 health care trend rate should come down. The 23 discussion with Mercers and actually with Blue 24 Cross, and I had a further conversation with 25 them, about the practicality, I guess, of</p>

Page 137	Page 139
<p>1 trying to summarize the impact that this could</p> <p>2 have on our health care trend rate and they</p> <p>3 basically say that it's just simply not</p> <p>4 practical to forecast the impact because we</p> <p>5 have no claims experience. We have no proof,</p> <p>6 for lack of a better word, as to what this</p> <p>7 legislation is actually going to mean for our</p> <p>8 plan. And so it would, I guess, be premature</p> <p>9 to reduce the health care trend rate at the</p> <p>10 expense of having to really increase it by a</p> <p>11 further amount in the future, if in fact it's</p> <p>12 not going to result in a reduction in our</p> <p>13 health care trend rate. So the approach is</p> <p>14 going to be that we will monitor our results</p> <p>15 and hopefully it will reduce our costs and if</p> <p>16 it reduces our cost, it will be reflected in</p> <p>17 our OPEBs expense and that will be reflected</p> <p>18 through the OPEVDA again.</p> <p>19 MR. JOHNSON:</p> <p>20 Q. But I guess the -- all other things being</p> <p>21 equal, this would be expected to reduce the</p> <p>22 actual OPEBs cost in 2013, 2014? Would that</p> <p>23 be a fair statement? Because of the</p> <p>24 introduction of the legislation.</p> <p>25 MS. PERRY:</p>	<p>1 OPEBs expense for 2013E and 2104E when -- in</p> <p>2 Table 3.6, those numbers were developed when?</p> <p>3 MS. PERRY:</p> <p>4 A. Around August, September when we filed.</p> <p>5 MR. JOHNSON:</p> <p>6 Q. And when were you aware of the legislation?</p> <p>7 MS. PERRY:</p> <p>8 A. Well, I wasn't aware until the RFI, but the</p> <p>9 plan administrator was aware of it and our</p> <p>10 service provider, which was Blue Cross,</p> <p>11 actually implement -- it's automatic that they</p> <p>12 get these legislation changes and so it was</p> <p>13 implemented inside of our plan in April.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. When -- how long are the actuaries saying it</p> <p>16 will take -- I mean, let's put it this way.</p> <p>17 If this information had been known to them say</p> <p>18 last year, presumably this number for 2013 and</p> <p>19 2014E would be different than what we're</p> <p>20 seeing now. We presume that because there's</p> <p>21 been a change, I take it, right? I mean, how</p> <p>22 much time would be required to figure it out?</p> <p>23 MS. PERRY:</p> <p>24 A. No, I -- my conversation with Blue Cross,</p> <p>25 because I asked that, when will we start</p>
Page 138	Page 140
<p>1 A. There are many moving parts, because obviously</p> <p>2 if 2013 and '14 are high price increases with</p> <p>3 the drugs themselves, regardless of what</p> <p>4 percentage you pay, the drug cost may actually</p> <p>5 go up. So again, there's many variables and</p> <p>6 judgments that are applied when you look</p> <p>7 forward. So one of the best indications of</p> <p>8 where the rate is going is based on experience</p> <p>9 and Mercer's view that it's, from a timing</p> <p>10 perspective, it's premature to actually</p> <p>11 project what this is going to mean to us, and</p> <p>12 just to put it in context, about 60 percent of</p> <p>13 our plan is geared towards generic drugs</p> <p>14 roughly today, and this legislation applies to</p> <p>15 a percentage of those generic drugs. So it's</p> <p>16 not even applying to all of our drugs. It is</p> <p>17 a list of drugs, but it's not applying to all</p> <p>18 the drugs with inside of our plan. But all</p> <p>19 things being equal, I hope that this will tend</p> <p>20 to reduce health care trend costs and that</p> <p>21 will be reflected in future OPEBs expense and</p> <p>22 that will certainly return to customers when</p> <p>23 that happens through the OPEVDA.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. So the numbers that we are using for your</p>	<p>1 seeing potentially -- it would still be hard</p> <p>2 to have a linear relationship because so much</p> <p>3 goes on inside of a plan, but how long would</p> <p>4 it take, and he said, you know, it probably</p> <p>5 would take a couple of years because, you</p> <p>6 know, it's the take up of the drugs, the</p> <p>7 nature of the drugs, just trying to get some</p> <p>8 trend lines with the usage and the cost of the</p> <p>9 drugs. And I believe the 4.5 is also not an</p> <p>10 absolute number. It's within a range of</p> <p>11 return which is the health care trend rate</p> <p>12 assumption. So, I think if we start to see</p> <p>13 trends that are lower than that, we'll bowl to</p> <p>14 reducing the trend over the next several</p> <p>15 years. But I suspect it'll take a couple of</p> <p>16 years.</p> <p>17 MR. JOHNSON:</p> <p>18 Q. Have you received anything in writing from</p> <p>19 Mercers indicating what their opinion is in</p> <p>20 terms of quantification at this time of the</p> <p>21 changes, of the effect of the regulation?</p> <p>22 MS. PERRY:</p> <p>23 A. Mr. Chairman, I asked Mercers to provide me</p> <p>24 their opinion and the response that we</p> <p>25 provided in CA-NP-683 is substantially</p>

Page 141	Page 143
<p>1 confirmed with Mercers that it was impractical</p> <p>2 to quantify at this time.</p> <p>3 MR. JOHNSON:</p> <p>4 Q. Did they provide a letter or a report in that</p> <p>5 regard?</p> <p>6 MS. PERRY:</p> <p>7 A. No, they did not.</p> <p>8 MR. JOHNSON:</p> <p>9 Q. It was just a telephone call?</p> <p>10 MS. PERRY:</p> <p>11 A. It was a telephone call. I'm not sure if they</p> <p>12 followed up with an e-mail to confirm, but it</p> <p>13 was a telephone call.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. With respect to the issue of credit ratings,</p> <p>16 Ms. Perry, you indicated when you testified on</p> <p>17 direct at page 152 -</p> <p>18 MS. PERRY:</p> <p>19 A. Where are we? Oh, on testimony, okay.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. You testified that -- starting at the bottom</p> <p>22 of 151, "I would be surprised if Moody's or</p> <p>23 DBRS were to indicate an appropriate level of</p> <p>24 ROE for Newfoundland Power one way or the</p> <p>25 other" and then you say "what Moody's has</p>	<p>1 Q. Towards the end, Chris.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. And I'm at the -- although the page is not</p> <p>4 numbered, it's the second page in under the</p> <p>5 paragraph "modestly weaker financial metrics</p> <p>6 expected in future." And this is where, as</p> <p>7 you correctly point out, they state that</p> <p>8 "Newfoundland Power's ratios continue to be</p> <p>9 somewhat weaker than those of other BAA rated</p> <p>10 peers -- BAA1 rated peers, predominantly</p> <p>11 engaged in transmission and distribution such</p> <p>12 as Fortis Alberta Inc., FAB, a sister company,</p> <p>13 Connecticut Light and Power, Orange and</p> <p>14 Rockland Utilities and Public Service Electric</p> <p>15 and Gas Company. We expect Fortis Alberta to</p> <p>16 generate cash flow plus interest to cash flow,</p> <p>17 interest coverage in the four times range and</p> <p>18 CFO pre-working capital to debt of about 18</p> <p>19 percent going forward. CLP, O&amp;R, PSE&amp;G have</p> <p>20 reported cash flow interest coverage in the</p> <p>21 four times to five times range" et cetera.</p> <p>22 And then they say "in contrast, we expect</p> <p>23 Newfoundland Power to generate cash flow</p> <p>24 interest coverage in the low three range and</p> <p>25 cash flow to debt in the 15 percent to 17</p>
Page 142	Page 144
<p>1 indicated quite clearly is that Newfoundland</p> <p>2 Power's financial metrics are somewhat weaker</p> <p>3 than those of its peers which they state are</p> <p>4 Fortis Alberta, Connecticut Light and Power,</p> <p>5 Orange and Rockland Utilities in New York and</p> <p>6 Public Service Electric and Gas in New</p> <p>7 Jersey." And Ms. Perry, but you did not go on</p> <p>8 to say however that Moody's has not expressed</p> <p>9 any concern about that, right? I mean, that's</p> <p>10 normal that your metrics have been less than</p> <p>11 those peers?</p> <p>12 MS. PERRY:</p> <p>13 A. I'm not sure I would call it normal, but it's</p> <p>14 certainly been existing for a while, yes.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. But it's not a concern of Moody's?</p> <p>17 MS. PERRY:</p> <p>18 A. I wouldn't go as far to say it's not a</p> <p>19 concern. The fact that they mention that we</p> <p>20 are weaker than our peers is obviously an item</p> <p>21 of interest to Moody's.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. Can I turn you to the Moody's July -- 19 July</p> <p>24 2011 opinion at Exhibit 4?</p> <p>25 KELLY, Q.C.:</p>	<p>1 percent range. These figures are modestly</p> <p>2 weaker than Newfoundland Power's 2010 results</p> <p>3 and reflect, in part, Newfoundland Power's</p> <p>4 2011 allowed ROE of 8.38, down from 9 in</p> <p>5 2010."</p> <p>6 So when I heard you state that in your</p> <p>7 direct, I thought that Moody's had expressed</p> <p>8 some concern, but clearly they're not</p> <p>9 expressing any concern about that, right?</p> <p>10 MS. PERRY:</p> <p>11 A. As I said, they're indicating that we're</p> <p>12 already lower than our peers and they expect</p> <p>13 us to be a certain range, but we're already</p> <p>14 lower than our peers, yes.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. And that's their expectation. You've been</p> <p>17 lower than your peers for a while. I mean, I</p> <p>18 remember having this discussion with you back</p> <p>19 in the last rate case, right?</p> <p>20 MS. PERRY:</p> <p>21 A. Yes, and the proposal in this application, in</p> <p>22 my view, puts us pretty square into where</p> <p>23 Moody's is saying we should be, because our</p> <p>24 CFO to interest is 3.4. They're saying low</p> <p>25 threes. And they're saying CFO to debt, we</p>

Page 145	Page 147
<p>1 expect to be in the range of 15 to 17 and our 2 proposal is 16.4. So I think we're square 3 into what they expect us to achieve. 4 (12:45 p.m.) 5 MR. JOHNSON: 6 Q. Well, in fact, Ms. Perry, if you turn to your 7 evidence at Exhibit 3, keeping in mind what 8 they said that we expect Newfoundland Power to 9 have cashflow interest coverage in the low 10 three times range - 11 MS. PERRY: 12 A. Sorry, where are you, Mr. Johnson? 13 MR. JOHNSON: 14 Q. I'm just reminding ourselves that they say, 15 "In contrast, we expect Newfoundland Power to 16 generate cashflow interest coverage in the low 17 three times range, and cashflow to debt in the 18 15 to 17 range". Just turn over to Exhibit 3 19 for 2013. It seems to me that that indicates 20 that in 2013, even without any rate increase 21 at all, in line 38, cashflow to interest is 22 3.2, and cashflow to debt is 15.5, so that 23 would still meet Moody's criteria, correct? 24 MS. PERRY: 25 A. Yes, but certainly, Mr. Chairman, I'll</p>	<p>1 and I think, actually, for 2014E on Exhibit 3, 2 we still see cashflow to interest times 3 coverage, assuming that there's no rate relief 4 at all granted, of cashflow to interest 5 coverage of 3, okay. Mind you, cashflow to 6 debt is a little - 7 MS. PERRY: 8 A. Are you back on Exhibit 3? Sorry, I was - 9 MR. JOHNSON: 10 Q. Yeah, I just wanted to remind ourselves for a 11 second. 12 MS. PERRY: 13 A. Okay. 14 MR. JOHNSON: 15 Q. 2014E shows cashflow to debt of 3 times, and 16 cashflow to debt of 13.7. 17 MS. PERRY: 18 A. Yes. 19 MR. JOHNSON: 20 Q. And in Moody's now at Exhibit 4, what could 21 change the rating down - there you go. 22 Moody's say, "We consider a downward revision 23 of Newfoundland Power's rating to be unlikely 24 in the near term. However, Newfoundland 25 Power's rating would likely be downgraded if</p>
Page 146	Page 148
<p>1 acknowledge that it's on the low end of the 2 range and that's not necessarily the place 3 that you try to operate the business at, which 4 is a downward slope of matrix. 5 MR. JOHNSON: 6 Q. But my point being that they said cashflow 7 interest coverage in the low 3 range, and 8 cashflow to debt in the 15 to 17, and I'm just 9 telling you the 2013 E establishes that, 10 correct? 11 MS. PERRY: 12 A. I will agree, and I will agree that if you 13 look to 2014, we're down to 3, and 13.7, which 14 is below the level indicated by Moody's. 15 MR. JOHNSON: 16 Q. As a matter of fact, there's hardly any 17 difference between 2012 and 2013 at all, from 18 the point of view of those matrices, and 2012 19 was a year completely consistent with your 20 financial integrity, was it not? 21 MS. PERRY: 22 A. Yes, we've maintained our credit ratings, I 23 will agree. 24 MR. JOHNSON: 25 Q. Yeah. If you could turn back to Exhibit 4,</p>	<p>1 we perceived a meaningful reduction in the 2 level of regulatory support, combined with 3 weaker liquidity and a sustained deterioration 4 of Newfoundland Power's financial matrix, such 5 as cashflow interest coverage of less than 2 6 times, 2.6 times, cashflow to debt in the low 7 teens", and I think RCF, that's free cashflow 8 to debt below 9. Now Ms. Perry, it's obvious 9 that when I read that, that even 2014 without 10 an ounce of rate relief, you're above cashflow 11 interest coverage of 2.6; in fact, you're at 12 3, and you're just getting into the low teens 13 in cashflow to debt. 14 MS. PERRY: 15 A. So back to the Moody's report where it says, 16 you know, credit downgrade could be possible 17 with a perceived meaningful reduction in the 18 level of regulatory support, combined with 19 reduced matrix, well, these matrix are, while 20 not outside the range - well, one is outside 21 the range because 13.7 is pretty well - 22 MR. JOHNSON: 23 Q. I grant you, that's a low teen. 24 MS. PERRY: 25 A. It's a low teen. So, you know, one is out,</p>

Page 149	Page 151
<p>1 and the other is deteriorating, and we are</p> <p>2 earning a regulated return on equity of 6.89</p> <p>3 percent on that basis. So I would have</p> <p>4 concern that in this situation Moody's would</p> <p>5 evaluate that the regulated utility is</p> <p>6 permitted to earn a return of 6.89 percent in</p> <p>7 relation to all other utilities earning</p> <p>8 something above that, so it would be the</p> <p>9 lowest in the country, combined with these</p> <p>10 weaker financial matrix, is exactly why I</p> <p>11 would address that I would have serious</p> <p>12 concerns that this would impact Newfoundland</p> <p>13 Power's financial integrity.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. And I grant you that that's not going to be</p> <p>16 the outcome, but it's illustrative of</p> <p>17 something, and that is in terms of that</p> <p>18 cashflow interest coverage of less than 2.6</p> <p>19 times that Moody's talks about, and they'd</p> <p>20 have to see that on - they'd have to see that</p> <p>21 on a sustained basis, and you wouldn't even</p> <p>22 get there if this Board decided to throw out</p> <p>23 your entire case and say come back in 2015,</p> <p>24 and you had to survive on the current rates.</p> <p>25 MS. PERRY:</p>	<p>1 A. I agree that's what the document says.</p> <p>2 MR. JOHNSON:</p> <p>3 Q. And do you make presentations to Moody's and</p> <p>4 the bond rating agencies?</p> <p>5 MS. PERRY:</p> <p>6 A. Yes, I have discussions with them and we try</p> <p>7 to meet at least once a year.</p> <p>8 MR. JOHNSON:</p> <p>9 Q. So in Moody's case, this is the last credit</p> <p>10 opinion?</p> <p>11 MS. PERRY:</p> <p>12 A. Yes.</p> <p>13 MR. JOHNSON:</p> <p>14 Q. When did you last meet with Moody's?</p> <p>15 MS. PERRY:</p> <p>16 A. I had a discussion with them the latter part</p> <p>17 of August prior to filing this Application.</p> <p>18 MR. JOHNSON:</p> <p>19 Q. Okay, and did that discussion happen on the</p> <p>20 telephone?</p> <p>21 MS. PERRY:</p> <p>22 A. Yes, it did.</p> <p>23 MR. JOHNSON:</p> <p>24 Q. And so do you provide them a presentation of</p> <p>25 Newfoundland Power's case, I mean, in terms of</p>
Page 150	Page 152
<p>1 A. Which, Mr. Chairman, would be a 6.89 percent</p> <p>2 rate of return on common equity.</p> <p>3 MR. JOHNSON:</p> <p>4 Q. And I'm not advocating that.</p> <p>5 MS. PERRY:</p> <p>6 A. No, but that's what the result is right here</p> <p>7 for 2014. So you've got to take one with the</p> <p>8 other, and I think it's all considered in</p> <p>9 Moody's evaluation of how this utility is set</p> <p>10 up for the future. So you can't just look at</p> <p>11 matrix in isolation of the full context of how</p> <p>12 Newfoundland Power and what Newfoundland Power</p> <p>13 could earn in that particular year.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. No, no, I think we're okay on that, and I take</p> <p>16 it that there is no contest here between us</p> <p>17 that Moody's is talking about a two-pronged</p> <p>18 approach. They'd need to see not just a</p> <p>19 reduction in the level of regulatory support,</p> <p>20 but a meaningful reduction in the level of</p> <p>21 regulatory support, and then combine that with</p> <p>22 a sustained deterioration, because that's what</p> <p>23 the document says, and you'll agree that</p> <p>24 that's what the document says?</p> <p>25 MS. PERRY:</p>	<p>1 - you must provide them with a presentation in</p> <p>2 paper, in writing?</p> <p>3 MS. PERRY:</p> <p>4 A. Not in 2012. They had certain changeover in</p> <p>5 their staff, which is why I had a telephone</p> <p>6 conversation with them in August. The plan</p> <p>7 will be that once we understand the outcome of</p> <p>8 this particular rate case, because rate cases</p> <p>9 are pretty significant to credit rating</p> <p>10 agencies, that we will arrange a time to meet</p> <p>11 with both DBRS and Moody's and walk them</p> <p>12 through the order and the impact that it will</p> <p>13 have on Newfoundland Power.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. Yes, okay, and Ms. Perry, do you sit down with</p> <p>16 the rating agencies separately in that</p> <p>17 process, I take it?</p> <p>18 MS. PERRY:</p> <p>19 A. Oh, yes, yes.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. And would they come to St. John's for that or</p> <p>22 would you go to where they are?</p> <p>23 MS. PERRY:</p> <p>24 A. Unfortunately, they haven't gotten to St.</p> <p>25 John's. I usually got to go to Toronto, yes.</p>

Page 153	Page 155
<p>1 MR. JOHNSON:</p> <p>2 Q. And so when was the last time you made a</p> <p>3 presentation to either DBRS or Moody's?</p> <p>4 MS. PERRY:</p> <p>5 A. I would have to confirm, Mr. Johnson. I don't</p> <p>6 believe it was in 2012, and as I said, the</p> <p>7 credit rating agencies went through a -</p> <p>8 certainly a bit of turnover inside of the</p> <p>9 agencies themselves, so we just never - the</p> <p>10 meetings never happened in '12. I would have</p> <p>11 to confirm when it was in 2011.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. And so - and when you go up there, you don't</p> <p>14 go up there without a presentation to give</p> <p>15 them, a written presentation?</p> <p>16 MS. PERRY:</p> <p>17 A. I believe the last time I was there, I did</p> <p>18 have a few slides that I did walk them</p> <p>19 through, yes.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. And would you still have those slides?</p> <p>22 MS. PERRY:</p> <p>23 A. I'd like to say yes, but I'm not sure.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. Would you be able to undertake to provide us</p>	<p>1 returns on equity, and in the Board's decision</p> <p>2 at PU-43, page 13, I'd just like to bring you</p> <p>3 to the extract for a second. PU-43, and I'm</p> <p>4 on the wrong page here, I think.</p> <p>5 MS. GLYNN:</p> <p>6 Q. It was filed as consent exhibit this morning,</p> <p>7 but you had to get it from the website</p> <p>8 yesterday.</p> <p>9 MR. HAYES:</p> <p>10 Q. We can get that on the screen. We're just</p> <p>11 going to have to hook up the internet again.</p> <p>12 MR. JOHNSON:</p> <p>13 Q. I'm looking for the paragraph -</p> <p>14 MR. HAYES:</p> <p>15 Q. That's the reasons for decision, Mr. Johnson?</p> <p>16 MR. JOHNSON:</p> <p>17 Q. Yes, and I wish I could find the paragraph</p> <p>18 that I was going to try to bring you to. Yes,</p> <p>19 I see it. If I could bring you to page 28 of</p> <p>20 the Board's decision, particularly line 5.</p> <p>21 The Board stated in the passage from line 5 to</p> <p>22 line 12, "That Newfoundland Power bears the</p> <p>23 burden of showing that it is appropriate to</p> <p>24 discontinue the use of the automatic</p> <p>25 adjustment formula, a well established</p>
Page 154	Page 156
<p>1 with your most recent presentations to each of</p> <p>2 DBRS and Moody's?</p> <p>3 KELLY, Q.C.:</p> <p>4 Q. I'll take that under advisement, Mr. Chairman,</p> <p>5 for consideration.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. Well, we can - you want to consider whether or</p> <p>8 not you're going to object to that?</p> <p>9 KELLY, Q.C.:</p> <p>10 Q. I'm going to consider, (a) what there is or</p> <p>11 isn't, and I'll advise you as to what the</p> <p>12 position we take with respect to it. I'm</p> <p>13 simply reserving the position, Mr. Chairman.</p> <p>14 MR. JOHNSON:</p> <p>15 Q. Okay, all right. Well, perhaps what we could</p> <p>16 do is look at it in the anon. Similarly,</p> <p>17 would you keep minutes of the meetings, Ms.</p> <p>18 Perry?</p> <p>19 MS. PERRY:</p> <p>20 A. No, there would be no minutes.</p> <p>21 MR. JOHNSON:</p> <p>22 Q. Let me turn to the AAF. Ms. Perry, in the</p> <p>23 last General Rate Application, you indicated</p> <p>24 that the Board's ROE formula until around that</p> <p>25 time had been giving fair and reasonable</p>	<p>1 regulatory tool that was expected to be used</p> <p>2 to set rates for Newfoundland Power in 2010.</p> <p>3 The Board is not persuaded by the evidence of</p> <p>4 Ms. McShane as to the historical under-</p> <p>5 performance of the formula, especially given</p> <p>6 the evidence of both Ms. Perry and Mr. Ludlow</p> <p>7 that the automatic adjustment formula</p> <p>8 established appropriate rates of return on</p> <p>9 rate rates for almost a decade until the</p> <p>10 extraordinary financial market conditions</p> <p>11 which developed late in 2008". Ms. Perry, in</p> <p>12 2009, what was it that had led you to judge</p> <p>13 that the automatic adjustment formula no</p> <p>14 longer gave fair and reasonable ROEs? Was it</p> <p>15 the fact that the long Canada yields were</p> <p>16 falling, and with them the fair ROE at a time</p> <p>17 when corporate borrowing costs were also</p> <p>18 increasing?</p> <p>19 MS. PERRY:</p> <p>20 A. Yes, that was a factor, no doubt, that the</p> <p>21 operation of the formula was producing unfair</p> <p>22 returns, and I believe around that time a</p> <p>23 couple of other regulatory jurisdictions had</p> <p>24 suspended the formula as well, which, you</p> <p>25 know, regulatory consensus on the formula was</p>

Page 157

Page 159

1 becoming weaker around that time.  
 2 (1:00 p.m.)  
 3 MR. JOHNSON:  
 4 Q. And there was a concern, I believe, about the  
 5 corporate borrowing cost increasing at the  
 6 same time?  
 7 MS. PERRY:  
 8 A. Yes.  
 9 MR. JOHNSON:  
 10 Q. And we will be taking this up with Ms.  
 11 McShane, and Dr. Booth will be talking about  
 12 it as well, but are you aware that Ms. McShane  
 13 recommended an ROE adjustment formula in an  
 14 Enbridge Line 9 hearing before the National  
 15 Energy Board in 2010, and again in a Gazifere  
 16 hearing before the Regie in 2010, and in both  
 17 cases she supplemented the standard formula  
 18 with a 50 percent adjustment to credit spread  
 19 changes? Are you aware of that?  
 20 MS. PERRY:  
 21 A. I am aware. I haven't been through it in  
 22 detail, no.  
 23 MR. JOHNSON:  
 24 Q. Can I take you to Dr. Booth's testimony at  
 25 page 68, and this is part of a discussion in

1 MR. JOHNSON:  
 2 Q. Okay, and do you regard the 8 basis point  
 3 difference, that being the difference between  
 4 what the Board ordered at 9 percent, and the  
 5 8.92 percent that Dr. Booth's enhanced NEB  
 6 formula would have allowed, do you regard the  
 7 8 basis point difference as being material?  
 8 MS. PERRY:  
 9 A. For clarification, Mr. Johnson, Dr. Booth's  
 10 display of numbers here, and that would have  
 11 applied to the NEB formula, is it?  
 12 MR. JOHNSON:  
 13 Q. He's adjusted, I think, to add a credit  
 14 spread. That's my understanding. He'll be  
 15 able to speak to it more fully than I, but  
 16 he's put a gloss, I guess, on the NEB formula  
 17 and he ends up with a higher number than the  
 18 NEB, say, for 2010.  
 19 MS. PERRY:  
 20 A. But my question is in terms of the parameters  
 21 used in the formula, they're the parameters of  
 22 the NEB, is it, and not Newfoundland Power, is  
 23 what I'm suggesting.  
 24 MR. JOHNSON:  
 25 Q. Okay.

Page 158

Page 160

1 Dr. Booth's report where he addresses how he  
 2 would enhance the adjustment models since so  
 3 many were suspended, and he sets out the long  
 4 term Canada from 1995 to 2010, and he sets out  
 5 the spread between, I believe, the "A" spread  
 6 using Scotia Capital's index, and, I guess,  
 7 the utility bond spread, and then he reports  
 8 what the NEB formula would produce and he  
 9 talks about what his suggestion would have  
 10 produced over that period. On the next page,  
 11 he graphs the results of the standard National  
 12 Energy Board formula and his enhancement to  
 13 it, but you can see that for 2009, it would  
 14 have awarded a fair ROE of 9.39 percent,  
 15 versus the actual NEB's formula of 8.57  
 16 percent, or about 55 basis points more. Do  
 17 you see that?  
 18 MS. PERRY:  
 19 A. Yes, I do.  
 20 MR. JOHNSON:  
 21 Q. And this Board for 2010 decided that a fair  
 22 and reasonable return for Newfoundland Power  
 23 was 9 percent, correct?  
 24 MS. PERRY:  
 25 A. That is correct, yes.

1 MS. PERRY:  
 2 A. Yeah.  
 3 MR. JOHNSON:  
 4 Q. Okay, well, I want to be careful I don't get  
 5 in over my waders a great deal on that topic.  
 6 MS. PERRY:  
 7 A. Yeah.  
 8 MR. JOHNSON:  
 9 Q. And perhaps what I - I was planning, in fact,  
 10 to confer further with Dr. Booth, who's flying  
 11 back and forth today, because I wanted to  
 12 confer with him prior to closing testimony  
 13 with Ms. Perry, in any event, so what I think  
 14 I'll do is take that under advisement and make  
 15 sure that what I'm putting to you is what he  
 16 would intend for me to put to you. Ms. Perry,  
 17 I guess you'll know that it's getting late in  
 18 the day when we're talking about depreciation,  
 19 I saved that for last. At page 163 of the  
 20 transcript when you testified on direct, at  
 21 the bottom of page 162, going up to 163,  
 22 having been asked, "What financial impact will  
 23 the consumer advocate's proposals have on  
 24 customers", the answer is that, "Well, a  
 25 prominent feature of the consumer advocate's



Page 161	Page 163
<p>1 depreciation proposals include the transfer of</p> <p>2 approximately 70 million dollars net of tax</p> <p>3 that has been collected from customers in the</p> <p>4 past to the customers in the future", and I</p> <p>5 take it you're not implying in any way that</p> <p>6 there is a 70 million dollar revenue</p> <p>7 requirement impact in this case, are you?</p> <p>8 MS. PERRY:</p> <p>9 A. No, not at this rate proceeding. My point was</p> <p>10 that we are fundamentally taking 70 million</p> <p>11 that has been collected and incorporating that</p> <p>12 into lower depreciation rates going forward,</p> <p>13 which ultimately means it has to be collected</p> <p>14 from future customers again at some point in</p> <p>15 the future.</p> <p>16 MR. JOHNSON:</p> <p>17 Q. You go on to state, "The proposals have the</p> <p>18 short effect", or I take it you meant the</p> <p>19 short term effect -</p> <p>20 MS. PERRY:</p> <p>21 A. Yes.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. "Of reducing annual depreciation expense and</p> <p>24 the revenue requirement by approximately 10</p> <p>25 million dollars". What time frame are you</p>	<p>1 Q. For this account, and would 11 and 15 years,</p> <p>2 would that be considered short term in</p> <p>3 Newfoundland Power's judgment?</p> <p>4 MS. PERRY:</p> <p>5 A. Well, I think in response to this RFI, we were</p> <p>6 trying to make a couple of points. One is</p> <p>7 that it is 11 years, and so it's not 30 years,</p> <p>8 and the other point is that - and this is an</p> <p>9 estimate based on one plant account. So based</p> <p>10 on, I guess, what actually happens in the</p> <p>11 future, it could be a little bit more, could</p> <p>12 be a little bit less. The point here is to</p> <p>13 illustrate that upon moving to the ALG</p> <p>14 methodology, yes, customer's revenue</p> <p>15 requirement or the revenue requirement</p> <p>16 associated with depreciation will be lower for</p> <p>17 a specific period, but not for a long period.</p> <p>18 I mean, it's 11 years on this one account, and</p> <p>19 then customers are going to be paying more,</p> <p>20 and I'll also make a point here that - and</p> <p>21 throughout those 11 years, Newfoundland</p> <p>22 Power's rate base is actually growing and the</p> <p>23 return on rate base is actually growing, and</p> <p>24 the crossover point is estimated to be 11</p> <p>25 years.</p>
Page 162	Page 164
<p>1 referring to when you state that it'll have a</p> <p>2 short term effect?</p> <p>3 MS. PERRY:</p> <p>4 A. If we could go to CA-NP-320. This RFI was</p> <p>5 filed in response to the expected crossover, I</p> <p>6 guess, of when the revenue requirement</p> <p>7 associated with moving to ALG would actually</p> <p>8 be higher than ELG, and for reasons that are</p> <p>9 pointed out in this RFI, there's many</p> <p>10 variables that impact the crossover period,</p> <p>11 being rate base growth, in terms of what plant</p> <p>12 account you're looking at, the estimates for</p> <p>13 retirement and net salvage, and - but we did</p> <p>14 take an account to illustrate and the</p> <p>15 crossover was 11 - Chris, if you could just go</p> <p>16 down a bit further, please. So with the 2</p> <p>17 percent rate base growth analysis, the</p> <p>18 crossover point was at 11 years.</p> <p>19 MR. JOHNSON:</p> <p>20 Q. And at a net plant growth rate of 4 percent,</p> <p>21 the crossover point is 15 years, I think the</p> <p>22 response says.</p> <p>23 MS. PERRY:</p> <p>24 A. Right, for this account, yes.</p> <p>25 MR. JOHNSON:</p>	<p>1 MR. JOHNSON:</p> <p>2 Q. And would you take issue that the governing</p> <p>3 principles would be principles such as inter-</p> <p>4 generational equity and the matching principle</p> <p>5 of cost to when the service is rendered? I</p> <p>6 mean, that would be the - that would be the</p> <p>7 principles through which this matter should be</p> <p>8 determined?</p> <p>9 MS. PERRY:</p> <p>10 A. I think it's one of the big considerations in</p> <p>11 the fact that the ELG methodology being a more</p> <p>12 precise methodology, I guess, with respect to</p> <p>13 breaking out equal life groups, that based on</p> <p>14 the expert advice from Gannett Fleming that it</p> <p>15 does match the consumption of the asset with</p> <p>16 the use of the asset, so it's a better</p> <p>17 matching certainly of the cost of today with</p> <p>18 the customers of today, yes. So it certainly</p> <p>19 is - it is a consideration.</p> <p>20 MR. JOHNSON:</p> <p>21 Q. Okay, I think - I'd like to break now. I may</p> <p>22 have a small bit more for Ms. Perry in the</p> <p>23 morning, but I'm - if the Chair is fine with</p> <p>24 it, I'm certainly prepared to yield to my</p> <p>25 learned friend, Ms. Greene, to ask some</p>

Page 165

1 questions prior to me going back to Ms. Perry.  
 2 MS. GLYNN:  
 3 Q. Mr. Chair, we have a couple of options at this  
 4 point. We do note that Ms. Perry will have to  
 5 return tomorrow. Ms. Greene has indicated  
 6 that she has about a half hour of questioning,  
 7 so we could take a five minute break now and  
 8 complete that half hour, or we could break for  
 9 today and complete Ms. Perry tomorrow morning.  
 10 There would be Ms. Greene, any follow-up by  
 11 Mr. Johnson, and then, of course, any follow-  
 12 up by Newfoundland Power tomorrow morning for  
 13 Ms. Perry.  
 14 CHAIRMAN:  
 15 Q. Why don't we forego the break and carry on?  
 16 Do you want to do that?  
 17 MR. JOHNSON:  
 18 Q. That's fine with me.  
 19 CHAIRMAN:  
 20 Q. Anybody vehemently opposed to that? If you  
 21 are, let me know. I'm not sensitive.  
 22 MS. GLYNN:  
 23 Q. Board staff, and I think the witness would  
 24 appreciate a quick break before we continue on  
 25 for the next half hour.

Page 166

1 (1:13 p.m.)  
 2 CHAIRMAN:  
 3 Q. Well, I'll defer to the witness. We'll break.  
 4 MS. GLYNN:  
 5 Q. Thank you.  
 6 (RECESS)  
 7 (RESUME - 1:25 P.M.)  
 8 CHAIRMAN:  
 9 Q. Okay. Go ahead, Ma'am.  
 10 MS. JOCELYN PERRY - EXAMINATION BY GREENE, Q.C.:  
 11 GREENE, Q.C.:  
 12 Q. Good afternoon, Ms. Perry.  
 13 MS. PERRY:  
 14 A. Good afternoon.  
 15 GREENE, Q.C.:  
 16 Q. The first area that I wanted to speak with you  
 17 about is your forecast that you used with  
 18 respect to your Application. You filed the  
 19 Application on September 14th of 2011, is that  
 20 correct?  
 21 MS. PERRY:  
 22 A. Yes, that is correct.  
 23 GREENE, Q.C.:  
 24 Q. And at that time you provided a forecast of  
 25 your 2013 and your 2014 test year requirement

Page 167

1 as well as the forecast for 2012, is that  
 2 correct?  
 3 MS. PERRY:  
 4 A. Yes, that is correct.  
 5 GREENE, Q.C.:  
 6 Q. What was the date that was used for actual  
 7 information in preparing the forecast? You  
 8 must have had a cut off date for actuals.  
 9 What was that date?  
 10 MS. PERRY:  
 11 A. I believe it to be June, but that would be  
 12 subject to check. I believe it was June.  
 13 GREENE, Q.C.:  
 14 Q. So we have - in your forecast for '12, '13,  
 15 and '14, we have actual data for '12 to June,  
 16 you believe?  
 17 MS. PERRY:  
 18 A. To June, yes.  
 19 GREENE, Q.C.:  
 20 Q. If we could go for a moment, please, to CA-NP-  
 21 409. You did touch on this issue to a certain  
 22 degree with Mr. Johnson, and Mr. Johnson or  
 23 the consumer advocate asked in this  
 24 information request as to whether you planned  
 25 or expected to update your forecast in this

Page 168

1 proceeding, and the answer in the RFI CA-NP-  
 2 409 was that you did not plan to update those  
 3 forecasts?  
 4 MS. PERRY:  
 5 A. That is correct.  
 6 GREENE, Q.C.:  
 7 Q. And my question is, is that - does that  
 8 continue to be Newfoundland Power's position?  
 9 MS. PERRY:  
 10 A. Yes, it is.  
 11 GREENE, Q.C.:  
 12 Q. You're presently in the middle of year end for  
 13 2012, and I expect you will be getting back to  
 14 it as soon as your evidence is over, but at  
 15 this point in time seeing that you must be  
 16 well into your year end preparation for 2012,  
 17 are you aware as Chief Financial Officer of  
 18 any material change in any of the significant  
 19 inputs into your 2012 forecast which would  
 20 materially impact your 2012 forecast and your  
 21 2013 and 2014 test year forecasts that have  
 22 been filed with this proceeding?  
 23 MS. PERRY:  
 24 A. No, I'm not aware of anything material, with  
 25 the exception of the decrease in the discount

Page 169	Page 171
<p>1 rate as I referred to earlier with respect to</p> <p>2 the company's defined benefit pension plan and</p> <p>3 its OPEB plan, and I will also note that I'm</p> <p>4 not sure of the impact because there's</p> <p>5 countering impacts to the discount rate with</p> <p>6 asset returns, but I haven't had the privilege</p> <p>7 of actually looking at those numbers just yet.</p> <p>8 GREENE, Q.C.:</p> <p>9 Q. So with the exception of that one issue,</p> <p>10 you're not aware of a material change in any</p> <p>11 other of your significant cost categories,</p> <p>12 such as labour costs or operating costs?</p> <p>13 MS. PERRY:</p> <p>14 A. No, I'm not aware, no.</p> <p>15 GREENE, Q.C.:</p> <p>16 Q. I wanted to talk to you a little bit about the</p> <p>17 automatic adjustment formula, and I just</p> <p>18 wanted to summarize what I understand is the</p> <p>19 company's position to ensure that I've</p> <p>20 understood it correctly. Newfoundland Power's</p> <p>21 position is that the formula should be</p> <p>22 eliminated, not suspended for a period of</p> <p>23 time, but completely eliminated?</p> <p>24 MS. PERRY:</p> <p>25 A. Yes, our proposal was to discontinue.</p>	<p>1 Rate Application, recognizing that general</p> <p>2 rate proceedings usually happen every two to</p> <p>3 three years, so the time span is certainly not</p> <p>4 long, and also recognizing that at any point</p> <p>5 in time in the intervening period, the Board</p> <p>6 can certainly call upon Newfoundland Power to</p> <p>7 file cost of capital evidence if, in fact,</p> <p>8 financial markets warranted such a change. So</p> <p>9 our position is that the proposed cost of</p> <p>10 equity in this proceeding would stick until</p> <p>11 the next general rate proceeding.</p> <p>12 GREENE, Q.C.:</p> <p>13 Q. So in that particular case, unless the Board</p> <p>14 took some extraordinary action, it would</p> <p>15 remain within the discretion of Newfoundland</p> <p>16 Power as to when to apply to readjust either</p> <p>17 the return on equity or another - or rates, so</p> <p>18 a general rate application, is that how I</p> <p>19 understood your answer?</p> <p>20 MS. PERRY:</p> <p>21 A. Yes, I would agree with that, but again the</p> <p>22 Board certainly would have the authority to</p> <p>23 call Newfoundland Power in at any time.</p> <p>24 GREENE, Q.C.:</p> <p>25 Q. In the information that's been filed with your</p>
Page 170	Page 172
<p>1 GREENE, Q.C.:</p> <p>2 Q. And I know you've talked a little bit with Mr.</p> <p>3 Johnson about this, but again not to till that</p> <p>4 ground again, I want to summarize what I took</p> <p>5 from some of that discussion, the primary</p> <p>6 reason, as I understand it, is the current</p> <p>7 unsettled financial market conditions, is that</p> <p>8 correct?</p> <p>9 MS. PERRY:</p> <p>10 A. That is correct, yes.</p> <p>11 GREENE, Q.C.:</p> <p>12 Q. I want to talk a little bit now about what</p> <p>13 happens if there is no formula. The company's</p> <p>14 position is throw out the formula, we would go</p> <p>15 back to having no formula, back to prior to</p> <p>16 1999, I believe. In the future, if the Board</p> <p>17 agreed with the company's position, how would</p> <p>18 the ROE be changed in the future, the return</p> <p>19 on equity for the company?</p> <p>20 MS. PERRY:</p> <p>21 A. In the absence of a formula, and in line with</p> <p>22 Newfoundland Power's proposals, we've proposed</p> <p>23 that the cost of equity as determined in a</p> <p>24 General Rate Application would actually stay</p> <p>25 into effect until the company's next General</p>	<p>1 Application, there's an indication of a</p> <p>2 revenue shortfall for the company in 2015.</p> <p>3 MS. PERRY:</p> <p>4 A. Yes.</p> <p>5 GREENE, Q.C.:</p> <p>6 Q. When do you - is that when you currently</p> <p>7 forecast reapplying to the Board for another</p> <p>8 general rate proceeding?</p> <p>9 MS. PERRY:</p> <p>10 A. So certainly if we could go to CA-NP-398.</p> <p>11 This RFI provides the company's five year</p> <p>12 financial forecast, and if you turn to page -</p> <p>13 well, it's called 1 of 9, but it's page 3 in</p> <p>14 the document, you'll notice that, yes, in</p> <p>15 2015, currently the company is forecasting a</p> <p>16 revenue shortfall of 4.4 million in 2015.</p> <p>17 KELLY, Q.C.:</p> <p>18 Q. I don't think we're quite on the right page.</p> <p>19 MS. PERRY:</p> <p>20 A. Oh, sorry, sorry. Go on down, Chris.</p> <p>21 KELLY, Q.C.:</p> <p>22 Q. You got the right page, just not down far</p> <p>23 enough. There we go.</p> <p>24 MS. PERRY:</p> <p>25 A. So on line 34, you'll notice that we are</p>

Page 173	Page 175
<p>1 projecting a revenue shortfall of 4.4 in 2015, 2 and 7.6 in 2016. So as you can respect, the 3 closer you get to that time period, the more 4 certain we'll become of our cost and the 5 revenues and any things that have happened 6 materially within that time period. So based 7 on this, yes, it would look as if we're going 8 to be in front of the Board in 2015, but 9 certainly that observation or final 10 observation and determination will be made as 11 we get closer to it, and it would be premature 12 right now to say that - to confirm that it 13 would be 2015, because many things can change 14 by the time we get to the show.</p> <p>15 GREENE, Q.C.:</p> <p>16 Q. And in making the determination as to when to 17 file for a General Rate Application, the 18 company looks at its forecast revenues, it 19 looks at the return on equity, and multiple 20 factors, and makes that decision and will only 21 apply generally to increase rates to cover 22 what are forecast shortfalls. Is that 23 generally the way that it occurs?</p> <p>24 MS. PERRY:</p> <p>25 A. Yes, that's exactly how it happens.</p>	<p>1 of years and the status of the capital 2 markets, I would say that that mechanism 3 wouldn't necessarily do what it was intended 4 to do, and hence why we've proposed to 5 discontinue.</p> <p>6 GREENE, Q.C.:</p> <p>7 Q. Okay. Your concern is when the ROE should 8 increase, and what I would like to talk about 9 first, and I'm going to come to the second 10 one, when the market conditions would indicate 11 that there is a decrease, if there is no 12 formula, how would that issue of concern be 13 addressed from the company's perspective, how 14 should it be addressed?</p> <p>15 MS. PERRY:</p> <p>16 A. Well, I think it's fair to assume that the 17 Board has the right to call upon Newfoundland 18 Power to provide cost of capital evidence if 19 it feels that it's the right time to review 20 cost of capital for Newfoundland Power at any 21 time. So if it was viewed that the cost of 22 equity was decreasing, and Newfoundland 23 Power's equity should be decreasing as well, 24 then I think the Board does have ultimate 25 authority to call Newfoundland Power in to</p>
Page 174	Page 176
<p>1 GREENE, Q.C.:</p> <p>2 Q. If there were to be a change in the market 3 conditions such that the market would indicate 4 that the fair return for the company is 5 actually lower than what the Board sets in its 6 order, do you think the Board should be 7 concerned about whether there's a trigger or a 8 mechanism to ensure that the utility comes 9 back to address what would be a lower rate of 10 return?</p> <p>11 MS. PERRY:</p> <p>12 A. I agree in principle, and I guess that's the 13 essence of what the formula was providing from 14 1998 until 2008. The trouble that I see with 15 the mechanism is that it may actually do the 16 opposite from what it should do. So we may be 17 in a time where a mechanism should be 18 signalling an increase in the rate of return 19 for Newfoundland Power, and the mechanism may 20 actually be signalling a decrease. So in 21 principle, I agree that a formula was meant to 22 provide for regulatory efficiencies between 23 test years and adjust the cost of capital for 24 changes in the financial markets. Given, I 25 guess, what has transpired in the last couple</p>	<p>1 evaluate cost of capital.</p> <p>2 GREENE, Q.C.:</p> <p>3 Q. So it would be left to the Board - nothing 4 would be initiated by the company, in your 5 perspective?</p> <p>6 MS. PERRY:</p> <p>7 A. I would have to be there to see the magnitude, 8 but I'm trying to envision a time where we'd 9 come in for a lower cost of equity, but I 10 guess it could happen.</p> <p>11 GREENE, Q.C.:</p> <p>12 Q. But generally it would not be an initiative 13 taken by the company?</p> <p>14 MS. PERRY:</p> <p>15 A. Right.</p> <p>16 GREENE, Q.C.:</p> <p>17 Q. We'll come now to the formula that you have 18 suggested that it be eliminated. Again I 19 don't want to review ground that Mr. Johnson 20 has covered, so I'll summarize my 21 understanding of Newfoundland Power's 22 position. I understand that the company 23 believes that the formula worked relatively 24 well until 2008, is that correct?</p> <p>25 MS. PERRY:</p>

Page 177	Page 179
<p>1 A. That is correct.</p> <p>2 GREENE, Q.C.:</p> <p>3 Q. And that the primary reason that the formula,</p> <p>4 in your view, did not work properly then was</p> <p>5 primarily as a result of the financial market</p> <p>6 conditions with the abnormally low long Canada</p> <p>7 bond rates, is that correct?</p> <p>8 MS. PERRY:</p> <p>9 A. That is correct.</p> <p>10 GREENE, Q.C.:</p> <p>11 Q. And I also understand that with respect to</p> <p>12 2009, you did apply for a General Rate</p> <p>13 Application and we had a new ROE set in 2010</p> <p>14 for 2010 by the Board of 9 percent?</p> <p>15 MS. PERRY:</p> <p>16 A. Right, 9 percent, yes.</p> <p>17 GREENE, Q.C.:</p> <p>18 Q. I won't go through that discussion where you</p> <p>19 did not agree with Mr. Johnson that that was</p> <p>20 fair, that you left that to others, or with</p> <p>21 respect to 2011, but generally Newfoundland</p> <p>22 Power did not take any action further with</p> <p>23 respect to 9 percent or 8.38, and you also</p> <p>24 agreed, I believe, that your financial</p> <p>25 integrity was not impacted as a result of</p>	<p>1 and that's when the forecast cost of equity</p> <p>2 was estimate at 8.38.</p> <p>3 GREENE, Q.C.:</p> <p>4 Q. Yes, and as I said, I'm not going to go down</p> <p>5 that road as to whether you believe it was</p> <p>6 fair or not, but you took no action, you</p> <p>7 accepted the 8.38 percent?</p> <p>8 MS. PERRY:</p> <p>9 A. Exactly. and then for 2012, the formula was</p> <p>10 indicating a cost of equity of 7.85, and then</p> <p>11 for '13, I believe it was 7.53, so, yes, 2012</p> <p>12 and 2013.</p> <p>13 GREENE, Q.C.:</p> <p>14 Q. And because of your view that 2012 ROE, as</p> <p>15 indicated by the formula, would produce an</p> <p>16 unjust or an unfair result, you applied to the</p> <p>17 Board to suspend the operation of the formula</p> <p>18 for 2012, is that correct?</p> <p>19 MS. PERRY:</p> <p>20 A. Yes, that is correct.</p> <p>21 GREENE, Q.C.:</p> <p>22 Q. And that was approved by the Board.</p> <p>23 MS. PERRY:</p> <p>24 A. Yes, for 2012, yes.</p> <p>25 GREENE, Q.C.:</p>
Page 178	Page 180
<p>1 those decisions, is that correct?</p> <p>2 MS. PERRY:</p> <p>3 A. That is correct, yes.</p> <p>4 GREENE, Q.C.:</p> <p>5 Q. So if the formula worked relatively well, I</p> <p>6 guess the first year, in your view, that it</p> <p>7 didn't really work well was 2011, is that</p> <p>8 correct - for 2012, I should say.</p> <p>9 MS. PERRY:</p> <p>10 A. And I believe it was signalling a return in</p> <p>11 2009 that was lower than the return allowed by</p> <p>12 the Board at that time.</p> <p>13 GREENE, Q.C.:</p> <p>14 Q. And that's why you applied for the -</p> <p>15 MS. PERRY:</p> <p>16 A. Right, yes.</p> <p>17 GREENE, Q.C.:</p> <p>18 Q. One of the principle reasons why you applied?</p> <p>19 MS. PERRY:</p> <p>20 A. Right, exactly.</p> <p>21 GREENE, Q.C.:</p> <p>22 Q. And then the next time would have been for</p> <p>23 2012?</p> <p>24 MS. PERRY:</p> <p>25 A. Well, the formula actually operated for 2011,</p>	<p>1 Q. So in light of the history of where the</p> <p>2 formula has worked well or been suspended when</p> <p>3 it hasn't, I guess I wanted you to explain why</p> <p>4 you want the formula totally eliminated as</p> <p>5 opposed to suspended in your Application, and</p> <p>6 as you know, it has been suspended in other</p> <p>7 jurisdictions rather than eliminated?</p> <p>8 MS. PERRY:</p> <p>9 A. Yes, and I do believe it's eliminated in</p> <p>10 Alberta. I'm not sure, but -</p> <p>11 GREENE, Q.C.:</p> <p>12 Q. It's been suspended in Alberta.</p> <p>13 MS. PERRY:</p> <p>14 A. Yeah, okay. With respect to the discontinuing</p> <p>15 the formula versus suspending the formula, I'm</p> <p>16 not sure there's a big difference with it. I</p> <p>17 think that - we're not against the formula,</p> <p>18 we're not against a formula in specific</p> <p>19 financial market conditions and we've said</p> <p>20 that, that we believe that a formula can work</p> <p>21 in certain financial market conditions, but</p> <p>22 given that we are in current financial market</p> <p>23 conditions, discontinuing the formula until</p> <p>24 financial market conditions resume to pre 2008</p> <p>25 where a formula can certainly be considered, I</p>

Page 181	Page 183
<p>1 guess it's a - it's a fine line with me as to</p> <p>2 the difference between if we suspend it until</p> <p>3 then or discontinue it, because the Board can</p> <p>4 certainly at any point in time put it back on</p> <p>5 the table for future consideration. So even</p> <p>6 if it were to be discontinued, the Board can</p> <p>7 in its authority put the automatic adjustment</p> <p>8 formula back on the agenda to be discussed in</p> <p>9 the future when capital market conditions are</p> <p>10 more normal.</p> <p>11 GREENE, Q.C.:</p> <p>12 Q. Coming to the formula, there have been changes</p> <p>13 suggested to the formula. I understand</p> <p>14 Newfoundland Power's position to be that the</p> <p>15 recommended changes by two independent</p> <p>16 experts, one being Mr. MacDonald, and the</p> <p>17 other being Dr. Booth, are not acceptable, is</p> <p>18 that correct?</p> <p>19 MS. PERRY:</p> <p>20 A. Yes, I think that's correct. I mean, I</p> <p>21 struggled with the operation of the formula</p> <p>22 and trying to understand the workings of the</p> <p>23 formula. I respect the fact that the two</p> <p>24 proposed formulas, given that they are two</p> <p>25 variable formulas, try to limit the impact on</p>	<p>1 MS. PERRY:</p> <p>2 A. We certainly asked our experts their opinions,</p> <p>3 and those opinions are on record. We looked</p> <p>4 to the one formula or the two formulas that</p> <p>5 exist in Canada, because for the most part,</p> <p>6 most of the formulas have been either</p> <p>7 discontinued or suspended, but certainly we</p> <p>8 did look at the OEB formula which is</p> <p>9 substantially what's proposed in this</p> <p>10 proceeding, and so - so there was nothing</p> <p>11 that, I guess, rose to the surface with</p> <p>12 respect to satisfying that a valid</p> <p>13 relationship actually exists between the two,</p> <p>14 such that any movement between test years are</p> <p>15 going to be a reflection of a utility's cost</p> <p>16 of capital, and I think that's where we landed</p> <p>17 at the end of the day.</p> <p>18 (1:45 p.m.)</p> <p>19 GREENE, Q.C.:</p> <p>20 Q. You said that you asked your cost of capital</p> <p>21 experts. What experts did you ask with respect</p> <p>22 to modifications to the formula?</p> <p>23 MS. PERRY:</p> <p>24 A. That would be Ms. McShane and Dr. Vander</p> <p>25 Weide.</p>
Page 182	Page 184
<p>1 the movement in long Canada bond yields, but</p> <p>2 I'm still, I guess, not convinced that the</p> <p>3 formula is going to - well, given that there's</p> <p>4 a lack of a relationship between the movement</p> <p>5 in long Canada bond yields and that of a</p> <p>6 utility's cost of equity, that the formula is</p> <p>7 actually going to signal an appropriate return</p> <p>8 on equity for Newfoundland Power, even with</p> <p>9 the two variable formula. So I tried in my</p> <p>10 direct to just display some of the concerns</p> <p>11 that we had, given that when bond yields</p> <p>12 should go up in one case, the return goes in a</p> <p>13 certain direction, but it doesn't in the other</p> <p>14 formula. So it clearly shows that both of the</p> <p>15 formulas are signalling different things. So</p> <p>16 the relationship between the long Canada bond</p> <p>17 movements and a utility's cost of capital, I</p> <p>18 think, are mirrored in these formulas that are</p> <p>19 proposed.</p> <p>20 GREENE, Q.C.:</p> <p>21 Q. Did Newfoundland Power do any of its own</p> <p>22 analysis with respect to possible</p> <p>23 modifications or changes to the formula that</p> <p>24 it could suggest to the Board in its</p> <p>25 Application?</p>	<p>1 GREENE, Q.C.:</p> <p>2 Q. Dr. Vander Weide has provided evidence that he</p> <p>3 did not study a review of changes to the</p> <p>4 formula and had no position with respect to</p> <p>5 the formula, that is on the record. Did he</p> <p>6 provide evidence to Newfoundland Power that is</p> <p>7 not part of the record?</p> <p>8 MS. PERRY:</p> <p>9 A. No, just Ms. McShane provided the evidence.</p> <p>10 GREENE, Q.C.:</p> <p>11 Q. I would like to talk to you about the changes</p> <p>12 suggested by Mr. MacDonald.</p> <p>13 MS. PERRY:</p> <p>14 A. Yes.</p> <p>15 GREENE, Q.C.:</p> <p>16 Q. And during direct evidence, you did file an</p> <p>17 exhibit called JP-1 and I wonder if we could</p> <p>18 bring that up, please, for a moment. I just</p> <p>19 wanted to look at this very briefly because</p> <p>20 you did take us through it and JP-1</p> <p>21 illustrates the change, assuming the base</p> <p>22 forecast, 3.04 or that is what the base</p> <p>23 forecast is and that is what is used in the</p> <p>24 formula to determine a fair return for 2014,</p> <p>25 if a formula were to be used for 2014, you</p>

Page 185	Page 187
<p>1 indicated what the current forecast is for</p> <p>2 2014 for the long Canada bond yields, is that</p> <p>3 correct at the 2.59?</p> <p>4 MS. PERRY:</p> <p>5 A. Yes, that is correct.</p> <p>6 GREENE, Q.C.:</p> <p>7 Q. Which obviously is a 45 percent change and</p> <p>8 given one of Mr. MacDonald's recommendations,</p> <p>9 it is to adjust by half of that to 50 percent</p> <p>10 change, so that's why we get to 23 percent</p> <p>11 reduction there. And then in your next, the</p> <p>12 other suggested change by Mr. MacDonald is to</p> <p>13 reflect a change in the utility bond spread,</p> <p>14 is that correct?</p> <p>15 MS. PERRY:</p> <p>16 A. Yes, that is correct.</p> <p>17 GREENE, Q.C.:</p> <p>18 Q. And in this example there's no change in the</p> <p>19 bond spread, so the ROE does not get adjusted</p> <p>20 by the formula as a result of a change in the</p> <p>21 utility bond spread.</p> <p>22 MS. PERRY:</p> <p>23 A. That is correct.</p> <p>24 GREENE, Q.C.:</p> <p>25 Q. And when you therefore apply those changes,</p>	<p>1 MS. PERRY:</p> <p>2 A. Yes, I apologize for that.</p> <p>3 GREENE, Q.C.:</p> <p>4 Q. So we thought it would be helpful to ensure</p> <p>5 that everyone understood this, what the</p> <p>6 concern is, so if we can just work our way</p> <p>7 through JP-1(a) and this relates back to your</p> <p>8 direct evidence where you talked about a 6</p> <p>9 basis point change, but the 6 basis point</p> <p>10 change you were talking about was really an</p> <p>11 additional reduction in the forecast for the</p> <p>12 long Canada bond yield, is that correct?</p> <p>13 MS. PERRY:</p> <p>14 A. Yes, it's the difference between the current</p> <p>15 consensus forecast and if that were to be</p> <p>16 reduced just be 6 basis points, yes.</p> <p>17 GREENE, Q.C.:</p> <p>18 Q. Right. And I would like to point out here, at</p> <p>19 the bottom of this exhibit, JP-1(a), there is</p> <p>20 a reference you'll see at the bottom with the</p> <p>21 asterisk, to the transcript and I'd like to</p> <p>22 correct, we say January 13th, but it was</p> <p>23 actually January 10th. A mistake in the date</p> <p>24 at the bottom in the footnote.</p> <p>25 So, in this particular case when we see</p>
Page 186	Page 188
<p>1 the reduction in the ROE would be .23, is that</p> <p>2 correct?</p> <p>3 MS. PERRY:</p> <p>4 A. Yes, that is correct.</p> <p>5 GREENE, Q.C.:</p> <p>6 Q. However, Mr. MacDonald has proposed a deadband</p> <p>7 of 25 basis points, so in effect there would</p> <p>8 be no change in ROE if his recommended</p> <p>9 proposals are accepted, is that correct?</p> <p>10 MS. PERRY:</p> <p>11 A. That is correct.</p> <p>12 GREENE, Q.C.:</p> <p>13 Q. And what I would like to do now is to file an</p> <p>14 additional exhibit where it has been</p> <p>15 distributed to the parties, for ease of</p> <p>16 reference it's been called exhibit JP-1(a),</p> <p>17 because I believe in your direct evidence, Ms.</p> <p>18 Perry, you went on to describe what a 6 basis</p> <p>19 point change would be.</p> <p>20 MS. PERRY:</p> <p>21 A. Yes, I did.</p> <p>22 GREENE, Q.C.:</p> <p>23 Q. And we find it a little confusing in following</p> <p>24 your direct and then actually reviewing the</p> <p>25 transcript.</p>	<p>1 that there is an additional change in the</p> <p>2 forecast versus the base rate that would have</p> <p>3 been set for 2013, the change then indicated,</p> <p>4 as a result of the change in the long Canada</p> <p>5 bond yield is actually 51 basis points, is</p> <p>6 that correct? Is fifty one percent -</p> <p>7 MS. PERRY:</p> <p>8 A. Yes, yes -</p> <p>9 GREENE, Q.C.:</p> <p>10 Q. - because it's 2.53 instead of -</p> <p>11 MS. PERRY:</p> <p>12 A. Yes, that is correct.</p> <p>13 GREENE, Q.C.:</p> <p>14 Q. So, of course, this time they propose is that</p> <p>15 we take 50 percent of that, that the co-</p> <p>16 efficient adjustment reduces from .8 where it</p> <p>17 currently now is in the formula to .5?</p> <p>18 MS. PERRY:</p> <p>19 A. That is correct, yes.</p> <p>20 GREENE, Q.C.:</p> <p>21 Q. Okay. And again, we have no change in the</p> <p>22 utility bond spread as you showed on JP-1.</p> <p>23 MS. PERRY:</p> <p>24 A. Yes.</p> <p>25 GREENE, Q.C.:</p>

Page 189	Page 191
<p>1 Q. This time, however, the increase or the</p> <p>2 decrease, I should say, is 26 percent which is</p> <p>3 above Mr. MacDonald's deadband. So, in fact,</p> <p>4 there would be a reduction in the 2014 ROE for</p> <p>5 Newfoundland Power, is that correct?</p> <p>6 MS. PERRY:</p> <p>7 A. Yes, from 8.91 to 8.65 percent, yes.</p> <p>8 GREENE, Q.C.:</p> <p>9 Q. And I'm going to come back to your concern</p> <p>10 with how it worked in that situation, but</p> <p>11 before I do that, I wanted to go through your</p> <p>12 other example you had used in your direct,</p> <p>13 which is instead of a reduction in the long</p> <p>14 Canada bond yield, we had an increase. So</p> <p>15 here we have filed exhibit JP-1(b) which is</p> <p>16 just to set out what you had described in your</p> <p>17 direct evidence. And here you are talking</p> <p>18 about an increase in the long Canada bond</p> <p>19 yield verses the current forecast and you used</p> <p>20 an increase of 75 basis points.</p> <p>21 MS. PERRY:</p> <p>22 A. Yes.</p> <p>23 GREENE, Q.C.:</p> <p>24 Q. So here we see when you apply that in the</p> <p>25 formula, the base forecast obviously is still</p>	<p>1 proposed change for the--adjusting the co-</p> <p>2 efficient to .5 and adding on a credit spread</p> <p>3 adjustment. So we wanted to explore with you</p> <p>4 the exact nature of your concern, does it</p> <p>5 relate to the deadband? Let's start with</p> <p>6 that.</p> <p>7 MS. PERRY:</p> <p>8 A. No, it's less about the deadband, on the</p> <p>9 operation of a deadband. It's more--I think</p> <p>10 it comes back more to the pure relationship of</p> <p>11 the movement of long Canada bond yields and</p> <p>12 that of the utility's forecast cost of equity</p> <p>13 and in this particular example, you're in a</p> <p>14 situation where if bond yields decrease by 6</p> <p>15 basis points, by 6 basis points, the utility's</p> <p>16 cost of equity reduces by 20.26 percent, so it</p> <p>17 goes from 8.91 to 8.65, just by a 6 basis</p> <p>18 point drop.</p> <p>19 GREENE, Q.C.:</p> <p>20 Q. But when you say that, isn't it actually 51</p> <p>21 basis points because it's a change from what</p> <p>22 the base was used in the formula, verses where</p> <p>23 the forecast is, so it's not a 6 basis point</p> <p>24 change, it's a 51 basis point change in the</p> <p>25 forecast long Canada bond rate from what was</p>
Page 190	Page 192
<p>1 the same, 3.04, the current forecast, however,</p> <p>2 has now increased from what we saw in your JP-</p> <p>3 1 by 75 basis points. The difference in the</p> <p>4 forecast long Canada bond yields is .030 or 30</p> <p>5 basis points and if the--and actually Dr.</p> <p>6 Booth made the same proposal as Mr. MacDonald</p> <p>7 in this regard that you would adjust based on</p> <p>8 half of that; in other words, we reduce the</p> <p>9 co-efficient adjustment from .8 to .5, we see</p> <p>10 that the reduction there--or sorry, the</p> <p>11 increase there would be 15 basis points, there</p> <p>12 would be again no change in the utility bond</p> <p>13 spread and here because there is, it's within</p> <p>14 the deadband, you would have no change. So</p> <p>15 instead of reducing to 8.91 to reflect that</p> <p>16 increase, there would be no change, it would</p> <p>17 remain at 8.91 and you would not get an</p> <p>18 increase because the current forecast had gone</p> <p>19 up, is that correct?</p> <p>20 MS. PERRY:</p> <p>21 A. That is correct, yes.</p> <p>22 GREENE, Q.C.:</p> <p>23 Q. So your concern seems to be around the--is it</p> <p>24 around the deadband of the 25 basis points and</p> <p>25 what is your position with respect to the</p>	<p>1 used to set the base.</p> <p>2 MS. PERRY:</p> <p>3 A. The--I will take this slow because I know</p> <p>4 we're trying to explain the numbers. The</p> <p>5 example that I had given was if nothing</p> <p>6 changes in the financial market conditions, if</p> <p>7 nothing changes, then it's reasonable to</p> <p>8 assume that the long--the consensus forecast</p> <p>9 would remain the same, so there would be no</p> <p>10 change in the forecast long Canada bond yield</p> <p>11 if nothing changes in the market, so the 2. 59</p> <p>12 should hold. The 2.59 should hold. Now</p> <p>13 compare that 2.59 to the base forecast that's</p> <p>14 in Mr. MacDonald's formula, so if the</p> <p>15 consensus forecast changes by only .06 or 6</p> <p>16 basis points, which is not much and certainly</p> <p>17 one could argue it's no change in the</p> <p>18 financial markets, it actually would signal a</p> <p>19 reduction in our cost of equity. Nothing has</p> <p>20 changed; whereas in the second example, again,</p> <p>21 we're now saying we're going to be changing,</p> <p>22 so the long Canada bond yields are actually</p> <p>23 going to increase by .75 percent and compare</p> <p>24 that then to the base, we actually stay at</p> <p>25 8.91. So in one case the long Canada bonds</p>



Page 193	Page 195
<p>1 are moving substantially from where they are</p> <p>2 today, which would signal that the financial</p> <p>3 markets are changing, but yet it's not doing</p> <p>4 anything for the utility's cost of equity, but</p> <p>5 back to the first example in JP-1(a), you have</p> <p>6 a situation where very little is changing,</p> <p>7 only the forecast consensus bond yield is</p> <p>8 moving by 6 basis points and the utility's</p> <p>9 cost of equity drops from 8.91 to 8.68. So as</p> <p>10 I said, I think the words I used was it</p> <p>11 appears unbalanced and the relationship</p> <p>12 between the movements of long Canada bond</p> <p>13 yields from where they are today are not quite</p> <p>14 clear in terms of what the formulas are</p> <p>15 indicating.</p> <p>16 GREENE, Q.C.:</p> <p>17 Q. But when you look at the formula, you apply</p> <p>18 the formula, you don't look at it as to where</p> <p>19 you were when you were in the last rate case,</p> <p>20 you look at what the current forecast is, so</p> <p>21 when you look at 1(a) you actually see a</p> <p>22 change, you see a further reduction, it's 50</p> <p>23 basis points. So when you go, you're looking</p> <p>24 at it into the future and you're saying, okay,</p> <p>25 there's a 50 basis point spread between what</p>	<p>1 forward looking is 3.04, the consensus</p> <p>2 forecast is saying 3.--2.59. I think this is</p> <p>3 exactly my point. I believe the parameters in</p> <p>4 the formula are not necessarily apples and</p> <p>5 apples.</p> <p>6 GREENE, Q.C.:</p> <p>7 Q. Okay.</p> <p>8 MS. PERRY:</p> <p>9 A. Because if financial market conditions do not</p> <p>10 change from where they are today, it is quite</p> <p>11 reasonable to assume that the consensus</p> <p>12 forecast for long Canada bond yields will</p> <p>13 remain at 2.59 and that number will be</p> <p>14 compared to 3.04, right? And that then will</p> <p>15 precipitate a decrease in Newfoundland Power's</p> <p>16 cost of equity when there's been no change in</p> <p>17 the market and I guess that's probably the</p> <p>18 flaw that I see in the formula.</p> <p>19 GREENE, Q.C.:</p> <p>20 Q. So we've already had a discussion earlier with</p> <p>21 Mr. Johnson that both Ontario and in Quebec</p> <p>22 they did adjust the formula by both the 50</p> <p>23 percent--adjusting the co-efficient adjustment</p> <p>24 to .5 and adding the utility credit spread, so</p> <p>25 you have expressed your view that that would</p>
Page 194	Page 196
<p>1 we--51 basis points between what was used to</p> <p>2 set the rates and where it is now when we're</p> <p>3 forward looking. So that's the trouble that</p> <p>4 we're having when you're comparing it to a</p> <p>5 current forecast now when the formula talks</p> <p>6 about the future and you look at the forecast</p> <p>7 at the point in time that you're setting it,</p> <p>8 so when you look at it and you have a 51 basis</p> <p>9 point reduction and there is a--half of that</p> <p>10 roughly goes as a reduction in your ROE and</p> <p>11 how the formula works to me it did not seem</p> <p>12 unreasonable.</p> <p>13 MS. PERRY:</p> <p>14 A. So I've spent a bit of time on this, just</p> <p>15 trying to figure out the operation of the</p> <p>16 formula and what I deduced is the consensus</p> <p>17 forecast for long Canada bonds that we're</p> <p>18 using in the formula, the 2.59, is a forward</p> <p>19 looking estimate over a 30 year long Canada</p> <p>20 bond yield. The basis upon which cost of</p> <p>21 equity is determined in a rate proceeding is a</p> <p>22 forward looking long Canada bond yield. The</p> <p>23 two are done under different methods and there</p> <p>24 are two different numbers that will come out</p> <p>25 of that, so Mr. MacDonald is saying that the</p>	<p>1 not be acceptable to Newfoundland Power, to</p> <p>2 the company, as proposed changes to the</p> <p>3 formula even though it has been adopted in</p> <p>4 other jurisdictions?</p> <p>5 MS. PERRY:</p> <p>6 A. Yes, that's our position. The 50 percent</p> <p>7 certainly is a lower co-efficient than the 80</p> <p>8 percent, so the relationship between long</p> <p>9 Canada bond yields and the utility's cost of</p> <p>10 equity is reduced in the formula, but I guess</p> <p>11 the essence of what is that relationship is</p> <p>12 still not clear, I guess, to us and it is</p> <p>13 possible that this formula could produce an</p> <p>14 unfair return for Newfoundland Power and as</p> <p>15 much as we enjoy coming back here to debate</p> <p>16 cost of capital, you know, to look forward and</p> <p>17 to think about having to file again in the</p> <p>18 fall, based on this analysis right here, it's</p> <p>19 quite possible that we could very well have to</p> <p>20 do that. So I think from our perspective we</p> <p>21 haven't been convinced that the relationship</p> <p>22 is there and that the relationship is going to</p> <p>23 hold such that the formula actually yields a</p> <p>24 fair return, and so that's why we've just not--</p> <p>25 we proposed to not go forward with the</p>

Page 197	Page 199
<p>1 formula.</p> <p>2 GREENE, Q.C.:</p> <p>3 Q. With respect to another proposal of Mr.</p> <p>4 MacDonald you did not comment on it, the first</p> <p>5 recommendation, was that there should be a</p> <p>6 trigger that if the formula produced a</p> <p>7 material change of 100 basis points up or</p> <p>8 down, that that would be material enough that</p> <p>9 a general rate application should be</p> <p>10 triggered, do you agree with that</p> <p>11 recommendation? It would address the concern</p> <p>12 we talked about earlier if the capital market</p> <p>13 conditions change so that the ROE should be</p> <p>14 reduced.</p> <p>15 MS. PERRY:</p> <p>16 A. I suspect that it's quite possible we would be</p> <p>17 in or called in before that 100 basis point</p> <p>18 should occur, but I don't have any principle</p> <p>19 problem, I guess with that 100 basis points.</p> <p>20 GREENE, Q.C.:</p> <p>21 Q. Do you agree with the 100 basis points or do</p> <p>22 you think it should be lower, say 50 or 75</p> <p>23 basis points?</p> <p>24 MS. PERRY:</p> <p>25 A. I think given that I'm not convinced that a</p>	<p>1 change in utility's cost of capital and there</p> <p>2 was 100 basis points change, which I would</p> <p>3 consider material, that having a trigger to</p> <p>4 consider a rate case could be plausible. I'm</p> <p>5 just trying to think, I guess, of a situation</p> <p>6 where it's logical that let's say the cost of</p> <p>7 equity is increasing and it has increased</p> <p>8 across the country in that would we ever be in</p> <p>9 a situation where we're having to file cost of</p> <p>10 capital when there's no real concern that</p> <p>11 Newfoundland Power's cost of capital is out of</p> <p>12 step, so given I'm not sure what the formula</p> <p>13 would produce, I'm just not sure that we would</p> <p>14 or would not be out of step with appropriate</p> <p>15 cost of equities.</p> <p>16 GREENE, Q.C.:</p> <p>17 Q. And I guess we're not concerned so much about</p> <p>18 the cost of equity, the markets indicating an</p> <p>19 increase because obviously the utility then</p> <p>20 probably would be back looking for the</p> <p>21 increase. The concern would be if the cost of</p> <p>22 equity is actually declining in the</p> <p>23 marketplace and a formula would indicate that</p> <p>24 your ROE should be lower than what was last</p> <p>25 allowed, do you think a trigger then would be</p>
Page 198	Page 200
<p>1 formula is actually the way to proceed in</p> <p>2 terms of estimating the cost of capital, I</p> <p>3 haven't actually put my mind around that if</p> <p>4 the formula were to proceed, would the 100</p> <p>5 make sense or would the 75 make sense, I</p> <p>6 haven't really done that full analysis.</p> <p>7 GREENE, Q.C.:</p> <p>8 Q. If the Board were to determine that a--accept</p> <p>9 Newfoundland Power's position and that a</p> <p>10 formula would not be used to determine the</p> <p>11 fair return on equity and between rate cases,</p> <p>12 how about if there was--if the formula was</p> <p>13 used to determine whether a rate case should</p> <p>14 be triggered? You have mentioned before the</p> <p>15 Board could at any time, if the capital market</p> <p>16 conditions change, so the ROE reduces, they</p> <p>17 could ask Newfoundland Power to come in, would</p> <p>18 it give Newfoundland Power a level of comfort</p> <p>19 if there were parameters around when that</p> <p>20 would occur, such as a trigger of 100 basis</p> <p>21 points? So don't use it to set your ROE, use</p> <p>22 it to determine whether there's a rate case</p> <p>23 triggered.</p> <p>24 MS. PERRY:</p> <p>25 A. I think certainly that if there was a material</p>	<p>1 helpful or that you would know when the Board</p> <p>2 would expect you to come back?</p> <p>3 MS. PERRY:</p> <p>4 A. So I understand the question, so if</p> <p>5 Newfoundland Power's ROE were to decline by</p> <p>6 100 basis points from where it's set, then</p> <p>7 that would be a trigger upon which</p> <p>8 Newfoundland Power would have to come in a</p> <p>9 file a rate case.</p> <p>10 GREENE, Q.C.:</p> <p>11 Q. Assuming that everything else remains the</p> <p>12 same.</p> <p>13 MS. PERRY:</p> <p>14 A. I suspect that would not be problematic, yes.</p> <p>15 (2:00 p.m.)</p> <p>16 GREENE, Q.C.:</p> <p>17 Q. With respect to if there is to be a formula</p> <p>18 and I asked you about the deadband of the 25</p> <p>19 basis points, you said it wasn't that that you</p> <p>20 disagree with. So do you accept that there</p> <p>21 should be a range where there is no change</p> <p>22 unless there is what I will call a material</p> <p>23 change in the ROE and is 25 basis points that</p> <p>24 correct materiality level?</p> <p>25 MS. PERRY:</p>

Page 201	Page 203
<p>1 A. If I could explain the situation today or</p> <p>2 based on the previous formula, where we're</p> <p>3 actually regulated by rate of return on rate</p> <p>4 base, the way the formula operates today is</p> <p>5 that our return on the forecast cost of equity</p> <p>6 can change. That's then applied to the range</p> <p>7 of return on rate base and unless we fall</p> <p>8 outside the range of return on rate base,</p> <p>9 there may or may not be a change in customer</p> <p>10 rates because of the change in the cost of</p> <p>11 equity. So today we currently do have that</p> <p>12 deadband within the range of return on rate</p> <p>13 base. So certainly not against the -</p> <p>14 GREENE, Q.C.:</p> <p>15 Q. So there is a materiality trigger I will call</p> <p>16 it that you would agree with?</p> <p>17 MS. PERRY:</p> <p>18 A. Yeah, and I believe it's around 37 basis</p> <p>19 points today.</p> <p>20 GREENE, Q.C.:</p> <p>21 Q. Okay. Sorry, I'm getting a question from the</p> <p>22 back of the room with -- again, I'll ask --</p> <p>23 the question is phrased in terms of "if there</p> <p>24 is no formula on a go-forward basis so the</p> <p>25 Board accepts Newfoundland Power's application</p>	<p>1 we filed and by the time we received the</p> <p>2 order, we were midway through 2012. So if we</p> <p>3 had a formula that produced an unfair return</p> <p>4 or a formula that precipitated a change, it's</p> <p>5 probably not a lot different than where we are</p> <p>6 today.</p> <p>7 GREENE, Q.C.:</p> <p>8 Q. So you don't see a difference in the timing?</p> <p>9 MS. PERRY:</p> <p>10 A. Not right now I don't, no.</p> <p>11 GREENE, Q.C.:</p> <p>12 Q. Okay. Moving on to another topic which is</p> <p>13 deferral accounts. You are proposing in this</p> <p>14 application a number of deferral accounts that</p> <p>15 have a three-year recovery period and I won't</p> <p>16 go through each of those, but they're clearly</p> <p>17 laid out in your application. So with a</p> <p>18 three-year recovery rate, they will generally</p> <p>19 be recovered at the end of 2015. Is that</p> <p>20 correct?</p> <p>21 MS. PERRY:</p> <p>22 A. That is correct, yes.</p> <p>23 GREENE, Q.C.:</p> <p>24 Q. So if Newfoundland Power doesn't file a</p> <p>25 general rate proceeding to address rates for</p>
Page 202	Page 204
<p>1 in that regard and the market rates were</p> <p>2 declining, would regulatory lag be a problem</p> <p>3 for the Board?"</p> <p>4 MS. PERRY:</p> <p>5 A. Can you repeat that, Ms. Greene? Sorry.</p> <p>6 GREENE, Q.C.:</p> <p>7 Q. We're talking about the situation where we</p> <p>8 will have no formula on a go-forward basis and</p> <p>9 we're talking about when the market rates are</p> <p>10 declining, wouldn't a regulatory lag be a</p> <p>11 problem for the Board if we don't have a</p> <p>12 formula? That by the time that the Board</p> <p>13 actually determined that you would come in,</p> <p>14 there would be a lag because -</p> <p>15 MS. PERRY:</p> <p>16 A. Yeah, I -</p> <p>17 GREENE, Q.C.:</p> <p>18 Q. It's a question of the lag and the impact that</p> <p>19 has.</p> <p>20 MS. PERRY:</p> <p>21 A. I think that would exist today. If we were to</p> <p>22 base the formula upon a consensus forecast in</p> <p>23 November, as we do today, by the time we get</p> <p>24 to November, as we did in 2012, we were</p> <p>25 subject to regulatory lag because by the time</p>	<p>1 2015, what happens with the amount that's now</p> <p>2 included in the revenue requirement to recover</p> <p>3 the amounts required for those deferral</p> <p>4 accounts?</p> <p>5 MS. PERRY:</p> <p>6 A. Well, I think anytime where we're amortizing</p> <p>7 certain accounts, a part of how we -- or when</p> <p>8 we determine the amortization period, the</p> <p>9 proposed amortization period, we do look at</p> <p>10 the impact that that's going to have on us</p> <p>11 over a certain period of time because it</p> <p>12 wouldn't be very strategic to amortize it all</p> <p>13 in one year and then the next year be left</p> <p>14 with a significant revenue shortfall or in the</p> <p>15 opposite direction. So when I look at CA-NP-</p> <p>16 398, which is our five-year forecast, the</p> <p>17 deferrals are obviously included in that</p> <p>18 forecast that we presented and when you look</p> <p>19 out to 2016, we're currently estimating an</p> <p>20 over seven million dollar shortfall.</p> <p>21 GREENE, Q.C.:</p> <p>22 Q. Would you like to bring that up?</p> <p>23 MS. PERRY:</p> <p>24 A. We certainly can, yes. 7.6 million dollar</p> <p>25 shortfall. And so even with those deferrals</p>

Page 205	Page 207
<p>1 included in the revenue requirement, 2 Newfoundland Power is projecting a 7.6 million 3 dollar shortfall. So while that's in revenue 4 requirement, we are obviously experiencing 5 some other cost increases because that's just 6 one of our costs, and in total, we're in a 7 shortfall position. So without the deferrals, 8 the amortization of the deferrals included in 9 rates, that shortfall would be larger than 10 that. So I think, again as we get closer to 11 the '15 and '16, we will be making those 12 observations about whether or not we can 13 actually guide our way through '15, but it's 14 looking highly likely that we will be in here 15 for '16.</p> <p>16 GREENE, Q.C.: 17 Q. So if you're not back in '16, what happens is 18 you will still be collecting from customers 19 the amounts that are included in your test 20 year revenue requirement for the deferral 21 accounts and it will part of the mix and used 22 to offset other increases in costs because you 23 will have already recovered what you should 24 have recovered for those costs, such as the 25 hearing cost, for example? Is that correct?</p>	<p>1 with the expiring of those amortizations, 2 we're still in a revenue shortfall position. 3 I certainly think it's a consideration of the 4 Board.</p> <p>5 GREENE, Q.C.: 6 Q. I wanted to next touch briefly on credit 7 metrics. I did have some questions that have 8 been addressed by Mr. Johnson and again, just 9 to summarize what I understand your position 10 is with Mr. Johnson. I believe you 11 acknowledge that with both the proposed rates 12 for 2013 and '14 and your existing rates, you 13 would be within the range established and he 14 took you through the Moody's range with 15 respect to debt ratings. Is that correct?</p> <p>16 MS. PERRY: 17 A. Yes, that is correct.</p> <p>18 GREENE, Q.C.: 19 Q. I believe you indicated you would be at the 20 low end of the range, but still within the 21 range that Moody's has allowed for your 22 current credit rating. Is that correct? So 23 it's unlikely you would be downgraded?</p> <p>24 MS. PERRY: 25 A. So sorry, Ms. Greene, and that's for which</p>
Page 206	Page 208
<p>1 MS. PERRY: 2 A. And that's a fair observation, and that's 3 certainly consistent with how previous 4 amortizations have been included in the past, 5 from past rate orders, yes.</p> <p>6 GREENE, Q.C.: 7 Q. Have you considered whether there should be 8 some form of mechanism or process put in place 9 to deal with the closure of deferral accounts 10 other than a general rate application?</p> <p>11 MS. PERRY: 12 A. No, and the biggest reason is I believe the 13 shortfall that we're actually looking at, it's 14 one of many of our costs and right now it 15 looks as if we're not going to be in a 16 position to have the opportunity to earn our 17 return, so no, we didn't bring forward any 18 proposal with respect to the end of the 19 amortization period, those deferrals. And I 20 do believe that it's worthy for the Board to 21 consider the impact of the end of the 22 amortization period, but in the context of 23 what we're looking at on CA-NP-398, I think 24 it's -- that it's fair that Newfoundland 25 Power's costs are increasing and that even</p>	<p>1 particular year?</p> <p>2 GREENE, Q.C.: 3 Q. When you look at the current existing rates, 4 which has incorporated 8.38 percent, and then 5 your proposed, particularly 2012, 2013 and 6 even Mr. Johnson took you to 2014. We can 7 take -- call up your Exhibit 3, if you like.</p> <p>8 MS. PERRY: 9 A. Yeah. No, I will agree that on Exhibit 3, if 10 we could go to Exhibit 3, and looking at 2012, 11 which is our current -- was that the question, 12 Ms. Greene, the 2012 or is it 2013?</p> <p>13 GREENE, Q.C.: 14 Q. It's also actually '13 and '14.</p> <p>15 MS. PERRY: 16 A. Oh, '13 and '14.</p> <p>17 GREENE, Q.C.: 18 Q. I understand where Mr. Johnson and you had a 19 discussion that you also -- that you 20 acknowledge that even for '13 and '14, you're 21 pretty much still within the range, albeit at 22 the low end of the range with respect to the 23 existing rates?</p> <p>24 MS. PERRY: 25 A. So in terms of what Moody's has indicated that</p>

Page 209	Page 211
<p>1 supports the rating is a CFO to interest, 2 which is on line 38, of low three times. So 3 we're at three. And then the CFO to debt of 4 15 to 17. So we're actually below on that one 5 metric. 6 GREENE, Q.C.: 7 Q. And I believe Mr. Johnson took you to where 8 they said low teens and there was a discussion 9 as to whether 13 was a low teen. 10 MS. PERRY: 11 A. Fair. 12 GREENE, Q.C.: 13 Q. And what my question is: you expressed a 14 concern about what it meant to be at the low 15 end of the range, and I wanted you to explain 16 what is the significance for you and why it is 17 of concern to you. If you're still within the 18 range, why are you concerned that you are at 19 the low end of the range? 20 (2:15 p.m.) 21 MS. PERRY: 22 A. So when you look at the metrics, Moody's has 23 indicated that we are already lower than our 24 peers and to support the metrics -- to support 25 the credit rating, sorry, it's low threes.</p>	<p>1 2.5 range. The CFO to interest was at 3.4 and 2 the CFO to debt was at 17.6. And so to be 3 showing some things -- and those are within 4 the range as indicated by Moody's for this 5 rating. So to be declining metrics with a 6 6.89 percent regulated return on equity, I 7 would have concerns that they would view that 8 as a reason to reevaluate our credit. 9 GREENE, Q.C.: 10 Q. Why do you use credit metrics? I probably 11 should have started with that question first. 12 Why do we talk about credit metrics? 13 MS. PERRY: 14 A. So bond holders or credit rating agencies are 15 trying to understand and display the risk for 16 a bond holder. So cash flows seem to be the 17 trump with respect to how much cash flows are 18 available to pay the fixed cost of the 19 utility, and so credit rating agencies apply 20 credit metrics as guidance where companies 21 should be for certain ratings. DBRS are not 22 as specific as Moody's, but even DBRS will 23 monitor and report our credit metrics, because 24 I think it's the financial benchmark as to how 25 we are compared to others, to display the</p>
Page 210	Page 212
<p>1 We're at three. And it's between 15 and 17 2 and we're actually below. So in terms of the 3 ranges that they've indicated to support the 4 rating, we're moving one side. We're very 5 close to the bottom. But that's combined with 6 the fact that Newfoundland Power is, in this 7 instance, earning a regulated return on equity 8 of 6.89 percent. So, I look at metrics, but 9 then I look at other observations of the 10 Board, which I would have to then relay to the 11 credit rating agencies, and I look at this 12 situation of saying is earning a 6.89 percent 13 allowed return on equity something that will 14 precipitate a reevaluation by Moody's about 15 the regulatory support in this jurisdiction, 16 given that the 6.89 is considerably below -- 17 considerably below the returns in Canada in 18 particular. 19 So that combined with the metrics, I 20 mean, failing metrics, declining metrics are 21 not something that you want to be coming out 22 of a general rate proceeding with. You know, 23 when we left here the last time, in 2009 for 24 2010, these metrics were more like the 25 interest coverage which is on line 37, 2.4,</p>	<p>1 amount of cash flow we have to cover off the 2 interest costs. So they're important because 3 they're important to the debt rating agencies. 4 GREENE, Q.C.: 5 Q. And they measure your financial performance 6 which is then used by the credit rating 7 agencies to determine what your credit rating 8 is for debt? 9 MS. PERRY: 10 A. Yes, absolutely. 11 GREENE, Q.C.: 12 Q. Okay. The last area of questioning relate to 13 a couple of -- well, first, a regulatory 14 reporting matter. Right now, Newfoundland 15 Power files annually a curtailable service 16 option report and a conservation demand 17 management report as part of the requirements 18 coming from Order No. P.U. 7 from 1996 to 19 1997. Is that correct, Ms. Perry? 20 MS. PERRY: 21 A. That is correct, yes. 22 GREENE, Q.C.: 23 Q. Does Newfoundland Power see any regulatory 24 efficiency with respect to combining both of 25 those reports into one report under</p>

Page 213	Page 215
<p>1 conservation demand management?</p> <p>2 MS. PERRY:</p> <p>3 A. Yes, I would say that that would be in the</p> <p>4 direction of regulatory efficiency and we've</p> <p>5 looked at that and we would have no problem</p> <p>6 with combining those two reports.</p> <p>7 GREENE, Q.C.:</p> <p>8 Q. The last topic that I wanted to speak about is</p> <p>9 with respect to the rural subsidy and perhaps</p> <p>10 -- or rural deficit. I wonder if you could</p> <p>11 indicate or first explain to people what is</p> <p>12 the rural subsidy or rural deficit?</p> <p>13 MS. PERRY:</p> <p>14 A. Well, certainly the rural deficit is not new</p> <p>15 and not totally unique to Newfoundland, but it</p> <p>16 substantially refers to the cost of providing</p> <p>17 electricity to the more remote places on the</p> <p>18 Island and the cost to provide that</p> <p>19 electricity is out of sync with the revenue</p> <p>20 that you're getting from those remote areas.</p> <p>21 And I believe there was certainly substantial</p> <p>22 discussions and even a rural rate review as to</p> <p>23 the appropriateness of how this subsidy should</p> <p>24 be handled or this deficit should be handled.</p> <p>25 Should it be handled via the government</p>	<p>1 GREENE, Q.C.</p> <p>2 Q. And -</p> <p>3 MS. PERRY:</p> <p>4 A. Sorry, it's not paid by the Industrial</p> <p>5 Customers of Newfoundland Power's customers,</p> <p>6 yes.</p> <p>7 GREENE, Q.C.</p> <p>8 Q. I'm sorry, right, Newfoundland Power's</p> <p>9 customers. And you include that as part of</p> <p>10 your revenue requirement to recover from your</p> <p>11 customers, is that correct.</p> <p>12 MS. PERRY:</p> <p>13 A. Yes, that is correct.</p> <p>14 GREENE, Q.C.</p> <p>15 Q. I wonder if we could scroll up to see the</p> <p>16 question, please. So, the question referred</p> <p>17 to the cost of service study that had been</p> <p>18 filed which was a 2011 cost of service study</p> <p>19 and the question was to provide a table</p> <p>20 showing the percentage of revenue derived</p> <p>21 from each customer class in 2011 attributable</p> <p>22 to the rural subsidy and forecast for 13 and</p> <p>23 14. When you look down to the answer, first I</p> <p>24 wanted you to confirm that what was used for</p> <p>25 the table was what was used in Hydro's 2007</p>
Page 214	Page 216
<p>1 through a subsidy or would it be included in</p> <p>2 Newfoundland Power's rates and that there</p> <p>3 would be uniform rates across the Island, for</p> <p>4 the most part. And from my reading as to what</p> <p>5 happened back in 1995 and onwards is that ship</p> <p>6 has sailed with respect to government policy</p> <p>7 with respect to the shortfalls that we're</p> <p>8 seeing in those areas, which are the isolated</p> <p>9 communities in Newfoundland, the</p> <p>10 interconnected for Newfoundland, the isolated</p> <p>11 in Labrador and I believe is L'ance au Loup.</p> <p>12 GREENE, Q.C.</p> <p>13 Q. Okay. So, the Board ask an RFI on this and I</p> <p>14 was wondering if we could bring up PUB NP 49.</p> <p>15 So, these are customers of Newfoundland Hydro</p> <p>16 -</p> <p>17 MS. PERRY:</p> <p>18 A. Yes.</p> <p>19 GREENE, Q.C.</p> <p>20 Q. - that do not pay the full cost of service,</p> <p>21 and that shortfall or subsidy is in, as a</p> <p>22 matter of policy, paid for by all other</p> <p>23 customers, is that correct?</p> <p>24 MS. PERRY:</p> <p>25 A. That is correct, yes.</p>	<p>1 test year which was the last test year that we</p> <p>2 have for Hydro and at that time it was 36</p> <p>3 million dollars, is that correct?</p> <p>4 MS. PERRY:</p> <p>5 A. That is correct, yes.</p> <p>6 GREENE, Q.C.</p> <p>7 Q. So, assuming that forecast for the rural</p> <p>8 subsidy, the answer there is that based on</p> <p>9 that subsidy requirement of 36 million</p> <p>10 dollars, the percentage of your revenue</p> <p>11 requirement for 2013 is approximately 6. 1</p> <p>12 percent for a domestic customer, is that</p> <p>13 correct?</p> <p>14 MS. PERRY:</p> <p>15 A. Yes, that is correct.</p> <p>16 GREENE, Q.C.</p> <p>17 Q. Okay. Are you familiar with Hydro's current</p> <p>18 forecast for the rural subsidy?</p> <p>19 MS. PERRY:</p> <p>20 A. Yes, I am.</p> <p>21 GREENE, Q.C.</p> <p>22 Q. And would you be able to tell the Board what</p> <p>23 the subsidy was for 2011?</p> <p>24 MS. PERRY:</p> <p>25 A. In total the subsidy for 2011 was 49 million</p>

<p style="text-align: right;">Page 217</p> <p>1 of which Newfoundland power pays around 90 2 percent of the deficit; Labrador 3 Interconnected pays the remaining ten. And my 4 understanding is from that report that was 5 filed in April by Hydro that the rural deficit 6 is rising to 66 million in 2013. 7 GREENE, Q.C. 8 Q. So, if Hydro were to file a rate case in 2013 9 with a two thousand (sic.) test year, the 10 amount of the rural subsidy would be 66 11 million, based on the forecast that they have 12 filed. 13 MS. PERRY: 14 A. We take about 90 percent of that, so around 60 15 million and that 60 million would translate 16 into around 8.5 percent of our rates. 17 GREENE, Q.C. 18 Q. And you would pass that on when you do your 19 flow through through the energy supply costs 20 after Hdyro's rate case, is that correct? 21 MS. PERRY: 22 A. Yes, that is correct. 23 GREENE, Q.C. 24 Q. And you just mentioned, I believe, that that 25 roughly then would increase the percentage of</p>	<p style="text-align: right;">Page 219</p> <p>1 Upon conclusion at 2:25 p.m.</p>
<p style="text-align: right;">Page 218</p> <p>1 a domestic customer from the 6.1 percent to 2 8.5 percent, is that correct? 3 MS. PERRY: 4 A. Yes, the 6.1 percent here is based on 2011 5 revenues. So that 6.1, if you were to convert 6 that into 2013's proposed revenue, it is 7 around 5 percent because revenue is higher, so 8 the percentage of the deficit to the revenue 9 is lower. So, for comparing like for like, 10 it's basically from five to about 8 1/2 11 percent. 12 GREENE, Q.C. 13 Q. Okay. And those conclude my questions for Ms. 14 Perry. Thank you, Ms. Perry. 15 MS. PERRY: 16 A. Thank you. 17 CHAIRMAN: 18 Q. So, any questions here? Yes, we're going to 19 hold off until you finish off tomorrow, Mr. 20 Johnson. 21 MR. JOHNSON: 22 Q. Sure. 23 CHAIRMAN: 24 Q. So, we're back at 9:00 now, are we? Okay, 25 we'll adjourn.</p>	<p style="text-align: right;">Page 220</p> <p>1 CERTIFICATE 2 I, Judy Moss, do hereby that the foregoing is 3 a true and correct transcript of a hearing in the 4 matter of Newfoundland Power Inc.'s General Rate 5 Application heard on the 15th day of January, 2013 6 at the offices of the Board of Commissioners of 7 Public Utilities, St. John's, Newfoundland and 8 Labrador and was transcribed by me to the best of 9 my ability by means of a sound apparatus. 10 Dated at St. John's, NL this 11 14th day of January, 2013 12 Judy Moss 13 Discoveries Unlimited Inc.</p>

<div>#-#</div> <div># [1] 9:10</div> <div>-\$-</div> <div>\$400,000 [2] 131:1,22</div> <div>\$490,000 [1] 122:25</div> <div>\$500,000 [1] 124:25</div> <div>\$980,000 [1] 79:18</div> <div>-?-</div> <div>'12 [5] 77:9 86:1 153:10 167:14,15</div> <div>'13 [5] 167:14 179:11 208:14,16,20</div> <div>'14 [7] 88:7 138:2 167:15 207:12 208:14,16,20</div> <div>'15 [3] 74:18 205:11,13</div> <div>'16 [3] 205:11,15,17</div> <div>'s [1] 220:4</div> <div>---</div> <div>-we [1] 196:25</div> <div>-.-</div> <div>.030 [1] 190:4</div> <div>.06 [1] 192:15</div> <div>.23 [1] 186:1</div> <div>.5 [4] 188:17 190:9 191:2 195:24</div> <div>.75 [1] 192:23</div> <div>.8 [2] 188:16 190:9</div> <div>-1-</div> <div>1 [6] 83:5 87:15 172:13 190:3 193:21 219:1</div> <div>1.2 [1] 126:7</div> <div>1.5 [1] 123:21</div> <div>1/2 [1] 218:10</div> <div>10 [2] 37:8 161:24</div> <div>10.4 [16] 2:23 3:4 4:6,8,9 4:24 10:23 12:6,14 13:11 13:18 14:4,16,17,21 18:15</div> <div>10.5 [3] 10:23 13:11 14:17</div> <div>100 [13] 3:19 4:11,17 74:15 75:2 197:7,17,19 197:21 198:4,20 199:2 200:6</div> <div>10:00 [1] 45:23</div> <div>10:15 [1] 57:11</div> <div>10:30 [1] 68:14</div> <div>10:45 [1] 80:24</div> <div>10:53 [1] 86:21</div> <div>10th [1] 187:23</div> <div>11 [10] 86:9,10 97:1 162:15,18 163:1,7,18,21 163:24</div> <div>11.2 [1] 115:20</div>	<div>11.6 [1] 115:20</div> <div>11:29 [1] 86:22</div> <div>11:45 [1] 98:7</div> <div>12 [2] 115:5 155:22</div> <div>125 [1] 72:11</div> <div>12:15 [1] 124:17</div> <div>12:30 [1] 136:3</div> <div>12:45 [1] 145:4</div> <div>13 [6] 2:17 122:18,20 155:2 209:9 215:22</div> <div>13.7 [3] 146:13 147:16 148:21</div> <div>13th [1] 187:22</div> <div>14 [3] 133:22,24 215:23</div> <div>140 [1] 72:17</div> <div>141 [1] 5:8</div> <div>14th [2] 166:19 220:11</div> <div>15 [11] 1:2 20:5 143:25 145:1,18 146:8 162:21 163:1 190:11 209:4 210:1</div> <div>15.5 [1] 145:22</div> <div>15.7 [1] 19:14</div> <div>151 [1] 141:22</div> <div>152 [1] 141:17</div> <div>153 [1] 35:7</div> <div>154 [2] 35:6,6</div> <div>15th [1] 220:5</div> <div>16 [1] 119:9</div> <div>16.4 [3] 19:20 20:6 145:2</div> <div>160,000 [1] 6:7</div> <div>162 [1] 160:21</div> <div>163 [2] 160:19,21</div> <div>16th [2] 135:4,5</div> <div>17 [7] 20:5 143:25 145:1 145:18 146:8 209:4 210:1</div> <div>17.6 [2] 21:13 211:2</div> <div>17/18 [1] 7:21</div> <div>18 [1] 143:18</div> <div>18.3 [1] 19:13</div> <div>189 [1] 122:21</div> <div>19 [4] 9:10,17,19 142:23</div> <div>1986 [2] 115:12,17</div> <div>1990 [1] 8:5</div> <div>1995 [4] 7:21 8:18 158:4 214:5</div> <div>1996 [5] 8:13,22 43:15 46:6 212:18</div> <div>1997 [1] 212:19</div> <div>1998 [1] 174:14</div> <div>1999 [1] 170:16</div> <div>1:00 [1] 157:2</div> <div>1:13 [1] 166:1</div> <div>1:25 [1] 166:7</div> <div>1:45 [1] 183:18</div> <div>1st [11] 81:5,14,17 82:3 87:12 90:19 102:5 117:2 126:22 135:8,10</div> <div>-2-</div> <div>2 [3] 9:10 148:5 162:16</div>	<div>2.3 [1] 19:7</div> <div>2.4 [4] 21:12 77:4,7 210:25</div> <div>2.5 [1] 211:1</div> <div>2.53 [1] 188:10</div> <div>2.59 [7] 185:3 192:11,12 192:13 194:18 195:2,13</div> <div>2.6 [4] 19:6 148:6,11 149:18</div> <div>20 [4] 41:5 61:9 77:5 97:22</div> <div>20.26 [1] 191:16</div> <div>200 [1] 70:10</div> <div>2001 [1] 37:9</div> <div>2003 [2] 67:25 87:18</div> <div>2004 [9] 68:1 87:18 116:1 122:24,25 123:7,19 124:19 125:8</div> <div>2005 [3] 116:2 123:21 124:4</div> <div>2006 [4] 115:17,24 116:2 123:21</div> <div>2007 [5] 11:12 12:1,24 20:16 215:25</div> <div>2008 [11] 20:16 114:25 117:15 119:8,9 120:18 120:23 156:11 174:14 176:24 180:24</div> <div>2009 [26] 1:8 5:17 10:4 20:16 21:4 30:14 32:24 40:18 58:25 71:4,8,9,14 71:19 73:15 74:9,10 82:1 117:13 120:23 122:24 156:12 158:13 177:12 178:11 210:23</div> <div>2010 [29] 10:6 20:16 21:6 21:8 29:11 47:2 59:10 59:13 61:6 77:3,6 82:2,3 83:15 96:23 117:2 122:14 126:5 144:2,5 156:2 157:15,16 158:4,21 159:18 177:13,14 210:24</div> <div>2010's [1] 83:2</div> <div>2011 [36] 6:5 10:11 20:17 31:15 33:3,7 35:8,12,14 36:9 37:12,14,21 38:19 38:24 39:9,10,17 61:6 77:5,6 86:1 129:3 131:16 142:24 144:4 153:11 166:19 177:21 178:7,25 215:18,21 216:23,25 218:4</div> <div>2012 [45] 10:17 18:20 19:7 33:9,10 34:16 37:11 38:12 70:12 72:10 74:14 77:7,11 78:3 79:1 85:4,6 85:13 126:22 127:1 135:4 135:5,6,8 146:17,18 152:4 153:6 167:1 168:13 168:16,19,20 178:8,23 179:9,11,14,18,24 202:24 203:2 208:5,10,12</div> <div>2013 [64] 1:2 4:6,8,13,16 10:22 11:24 12:5,14 13:19 19:5 33:12 34:16 59:15 61:7 79:17 80:20 80:22 81:2,5,14,18 87:21 87:23 88:8 90:3,16 91:2</div>	<div>91:8,8,10,15,19 92:2 93:20 100:13,24 102:2 126:8,15 130:12 131:23 134:2 135:8,16 137:22 138:2 139:18 145:19,20 146:9,17 166:25 168:21 179:12 188:3 207:12 208:5,12 216:11 217:6,8 220:5,11</div> <div>2013's [2] 92:7 218:6</div> <div>2013E [1] 139:1</div> <div>2014 [50] 10:22 11:13,24 12:5,15 13:12,19 19:20 20:6 59:10,16 81:2,3 87:24 88:16,17 89:11,12 89:20,21 90:1,22,22 91:16,17,23 92:1,9,25 93:2,3,5,20 100:14 126:5 126:9,15 130:16 135:16 137:22 146:13 148:9 150:7 166:25 168:21 184:24,25 185:2 189:4 208:6</div> <div>2014's [1] 93:12</div> <div>2014E [3] 139:19 147:1 147:15</div> <div>2015 [10] 74:19 149:23 172:2,15,16 173:1,8,13 203:19 204:1</div> <div>2016 [2] 173:2 204:19</div> <div>2017 [1] 74:19</div> <div>21 [2] 9:24 11:6</div> <div>2104E [1] 139:1</div> <div>22 [1] 65:6</div> <div>23 [2] 5:9 185:10</div> <div>25 [5] 86:20 186:7 190:24 200:18,23</div> <div>26 [1] 189:2</div> <div>28 [4] 9:25 60:14,23 155:19</div> <div>29 [1] 126:13</div> <div>2:00 [1] 200:15</div> <div>2:15 [1] 209:20</div> <div>2:25 [1] 219:1</div> <div>-3-</div> <div>3 [16] 19:2 21:7 145:7,18 146:7,13 147:1,5,8,15 148:12 172:13 195:2 208:7,9,10</div> <div>3's [1] 19:24</div> <div>3.04 [4] 184:22 190:1 195:1,14</div> <div>3.2 [2] 19:12 145:22</div> <div>3.4 [5] 19:24,25 21:13 144:24 211:1</div> <div>3.5 [1] 129:21</div> <div>3.6 [5] 19:11,24 126:4 130:2 139:2</div> <div>3.8 [1] 59:7</div> <div>3.98 [1] 72:11</div> <div>30 [3] 163:7 190:4 194:19</div> <div>30th [1] 135:5</div> <div>310 [1] 126:14</div>	<div>311 [1] 59:6</div> <div>315 [1] 41:3</div> <div>31st [3] 126:19,25 135:8</div> <div>337 [1] 32:15</div> <div>338 [1] 32:14</div> <div>34 [2] 19:4 172:25</div> <div>34.6 [1] 63:24</div> <div>35 [4] 19:4 64:5 66:1 135:10</div> <div>36 [3] 19:4 216:2,9</div> <div>37 [6] 21:7 63:20 64:13 129:13 201:18 210:25</div> <div>38 [3] 21:7 145:21 209:2</div> <div>39 [2] 21:8 126:3</div> <div>398 [1] 204:16</div> <div>-4-</div> <div>4 [5] 129:21 142:24 146:25 147:20 162:20</div> <div>4.2 [1] 61:7</div> <div>4.4 [3] 129:22 172:16 173:1</div> <div>4.5 [3] 128:17,19 140:9</div> <div>4.75 [1] 70:17</div> <div>4.9 [2] 126:16 128:17</div> <div>4.92 [1] 61:6</div> <div>40 [6] 65:8,23 69:1 74:13 130:9 135:9</div> <div>40-year [2] 72:10 73:15</div> <div>400,000 [2] 130:10,24</div> <div>409 [2] 167:21 168:2</div> <div>41 [2] 38:3 65:9</div> <div>43 [1] 1:8</div> <div>45 [7] 37:6 48:14 51:11 56:25 65:10 135:6 185:7</div> <div>450 [2] 127:7 130:9</div> <div>48,000 [1] 6:8</div> <div>49 [2] 214:14 216:25</div> <div>490 [5] 123:9,11 124:19 127:7 130:9</div> <div>-5-</div> <div>5 [3] 155:20,21 218:7</div> <div>5.42 [1] 61:6</div> <div>5.6 [1] 126:21</div> <div>50 [8] 157:18 185:9 188:15 193:22,25 195:22 196:6 197:22</div> <div>50th [1] 5:23</div> <div>51 [5] 188:5 191:20,24 194:1,8</div> <div>53 [1] 72:8</div> <div>53,000 [1] 6:7</div> <div>55 [1] 158:16</div> <div>57.1 [1] 63:23</div> <div>-6-</div> <div>6 [14] 2:16 19:2,3 63:14 186:18 187:8,9,16 191:14 191:15,17,23 192:15</div>
---	--	---	---	--



193:8 <b>6.1</b> [4] 216:11 218:1,4,5 <b>6.89</b> [7] 149:2,6 150:1 210:8,12,16 211:6 <b>6.9</b> [1] 59:15 <b>6.96</b> [2] 59:15 61:17 <b>60</b> [3] 138:12 217:14,15 <b>66</b> [2] 217:6,10 <b>68</b> [1] 157:25  <hr/> <b>-7-</b> <hr/> <b>7</b> [3] 27:24 28:15 212:18 <b>7.05</b> [2] 59:14 61:16 <b>7.31</b> [1] 61:16 <b>7.46</b> [2] 59:12 61:16 <b>7.5</b> [1] 25:22 <b>7.53</b> [4] 33:12,19 34:20 179:11 <b>7.6</b> [3] 173:2 204:24 205:2 <b>7.78</b> [1] 10:15 <b>7.85</b> [4] 33:8,19 34:19 179:10 <b>70</b> [3] 161:2,6,10 <b>75</b> [6] 100:8 101:19 189:20 190:3 197:22 198:5  <hr/> <b>-8-</b> <hr/> <b>8</b> [9] 22:24,25 23:3,24 28:2,16 159:2,7 218:10 <b>8.14</b> [2] 10:15,15 <b>8.3</b> [2] 63:23 66:14 <b>8.38</b> [19] 31:16 32:5,11 33:1,20,24 34:14,25 35:10,13,25 36:22 39:17 39:23 144:4 177:23 179:2 179:7 208:4 <b>8.5</b> [4] 28:3,16 217:16 218:2 <b>8.57</b> [1] 158:15 <b>8.65</b> [2] 189:7 191:17 <b>8.68</b> [1] 193:9 <b>8.91</b> [6] 189:7 190:15,17 191:17 192:25 193:9 <b>8.92</b> [1] 159:5 <b>80</b> [4] 32:20 46:21 100:25 196:7 <b>82</b> [2] 2:16,18  <hr/> <b>-9-</b> <hr/> <b>9</b> [11] 29:10 31:13 144:4 148:8 157:14 158:23 159:4 172:13 177:14,16 177:23 <b>9.39</b> [1] 158:14 <b>9.5</b> [3] 4:13,15,16 <b>9.9</b> [3] 14:20 16:3,17 <b>90</b> [2] 217:1,14 <b>980</b> [1] 81:11 <b>980,000</b> [1] 80:23	<b>9:00</b> [1] 218:24 <b>9:05</b> [1] 1:1 <b>9:15</b> [1] 9:20 <b>9:30</b> [1] 22:16 <b>9:45</b> [1] 34:11 <b>9th</b> [1] 97:5  <hr/> <b>-A-</b> <hr/> <b>a.m</b> [11] 1:1 9:20 22:16 34:11 45:23 57:11 68:14 80:24 86:21,22 98:7 <b>AAF</b> [1] 154:22 <b>ability</b> [11] 41:24 43:10 45:8 46:5 64:25 97:14 101:10,18 102:9 103:15 220:9 <b>able</b> [8] 77:1 78:11,16 96:12 106:5 153:25 159:15 216:22 <b>abnormally</b> [1] 177:6 <b>About</b> [1] 5:17 <b>above</b> [10] 10:5 27:7 34:19 51:16 55:11 64:17 130:12 148:10 149:8 189:3 <b>absence</b> [4] 78:25 131:1 132:10 170:21 <b>absolute</b> [1] 140:10 <b>absolutely</b> [2] 38:13 212:10 <b>absorbed</b> [1] 123:12 <b>accede</b> [1] 12:13 <b>accelerated</b> [1] 107:17 <b>accept</b> [14] 29:5 30:4 41:21 48:3,5,7 49:12 61:12 64:4 72:19,21 73:3 198:8 200:20 <b>acceptable</b> [3] 25:25 181:17 196:1 <b>accepted</b> [7] 30:6,18,24 31:15 58:17 179:7 186:9 <b>accepts</b> [1] 201:25 <b>access</b> [1] 73:25 <b>accessed</b> [1] 103:4 <b>according</b> [1] 72:16 <b>account</b> [19] 45:20 112:13,16 115:10,10,15 115:16 116:8,12 117:1 122:23 127:11 135:15 162:12,14,24 163:1,9,18 <b>account's</b> [1] 117:19 <b>accounts</b> [9] 45:7,25 121:21 203:13,14 204:4 204:7 205:21 206:9 <b>accurate</b> [1] 37:21 <b>achieve</b> [3] 3:19 4:2 145:3 <b>achieved</b> [1] 37:19 <b>achieves</b> [1] 3:16 <b>acknowledge</b> [4] 13:12 146:1 207:11 208:20 <b>acquiring</b> [1] 65:1 <b>Act</b> [5] 32:20 100:9,25	101:19 134:9 <b>action</b> [3] 171:14 177:22 179:6 <b>actual</b> [12] 8:4,20,21,23 9:3 10:1 75:15 126:17 137:22 158:15 167:6,15 <b>actuals</b> [1] 167:8 <b>actuaries</b> [5] 126:24,24 132:13 136:13 139:15 <b>add</b> [2] 65:21 159:13 <b>added</b> [1] 115:11 <b>adding</b> [2] 191:2 195:24 <b>additional</b> [4] 6:19 186:14 187:11 188:1 <b>address</b> [6] 2:25 102:22 149:11 174:9 197:11 203:25 <b>addressed</b> [3] 175:13,14 207:8 <b>addresses</b> [1] 158:1 <b>addressing</b> [1] 36:14 <b>adjourn</b> [1] 218:25 <b>adjust</b> [8] 23:3,5 94:14 127:10 174:23 185:9 190:7 195:22 <b>adjusted</b> [2] 159:13 185:19 <b>adjusting</b> [2] 191:1 195:23 <b>adjustment</b> [13] 95:21 155:25 156:7,13 157:13 157:18 158:2 169:17 181:7 188:16 190:9 191:3 195:23 <b>adjustments</b> [6] 22:23 23:24 40:7 115:9,14,18 <b>administrator</b> [1] 139:9 <b>adopted</b> [1] 196:3 <b>advance</b> [4] 82:10 83:12 84:21 96:16 <b>advantage</b> [12] 25:13 78:14 82:21,24 83:10,18 88:16,20 89:2 93:4,14 103:17 <b>advantageous</b> [2] 96:9 100:1 <b>advantages</b> [1] 89:6 <b>adverse</b> [3] 75:23,24 76:2 <b>advertisements</b> [1] 91:24 <b>advice</b> [2] 36:8 164:14 <b>advise</b> [1] 154:11 <b>advised</b> [1] 124:8 <b>advisement</b> [2] 154:4 160:14 <b>advises</b> [1] 72:16 <b>advisors</b> [1] 29:4 <b>advocate</b> [5] 2:16,20 30:20 135:24 167:23 <b>advocate's</b> [2] 160:23 160:25 <b>advocating</b> [2] 112:5 150:4	<b>afternoon</b> [2] 166:12,14 <b>again</b> [34] 9:14 10:16 12:15 24:13 31:6 35:17 55:23 73:10 76:10 88:6 88:20 111:14 114:24 116:1,18 121:20 126:9 130:21 137:18 138:5 155:11 157:15 161:14 170:3,4 171:21 176:18 188:21 190:12 192:20 196:17 201:22 205:10 207:8 <b>against</b> [3] 180:17,18 201:13 <b>agencies</b> [16] 22:10 53:14 104:14 110:5,7 111:7 151:4 152:10,16 153:7,9 210:11 211:14 211:19 212:3,7 <b>agency</b> [1] 110:12 <b>agenda</b> [1] 181:8 <b>aging</b> [1] 136:18 <b>ago</b> [7] 7:21 74:3 76:4,13 89:10 115:7 131:18 <b>agree</b> [59] 9:2 10:21 12:1 12:4 21:1 34:22 38:15 38:22 45:11 51:25 56:6 57:23 59:23 63:22 71:2 71:7 74:5 84:3,5 93:11 98:9 103:7,10,15,21,22 104:3,13,17 105:23 108:11,21 109:11 110:9 111:22 113:5,7,19 116:7 116:22 117:12 121:1,16 122:7 127:24 136:21 146:12,12,23 150:23 151:1 171:21 174:12,21 177:19 197:10,21 201:16 208:9 <b>agreed</b> [4] 39:22 79:19 170:17 177:24 <b>agreeing</b> [3] 38:23 98:14 103:13 <b>agreement</b> [4] 74:20,23 75:22 76:12 <b>ahead</b> [2] 82:14 166:9 <b>aide</b> [3] 114:24 120:5 133:18 <b>albeit</b> [1] 208:21 <b>Alberta</b> [10] 65:9 72:10 72:23 73:14 79:11 142:4 143:12,15 180:10,12 <b>ALG</b> [2] 162:7 163:13 <b>allow</b> [5] 2:23 22:2 44:22 92:12 100:15 <b>allowed</b> [33] 3:8,24 7:17 8:4,14,17,21,24 9:3 29:11 30:14 37:19 39:17 41:18 42:9 43:1,17 44:1 46:8 47:17,21 65:6 86:3 102:23 108:5,8 135:10 144:4 159:6 178:11 199:25 207:21 210:13 <b>allows</b> [3] 4:12 89:11 103:22 <b>alluded</b> [1] 87:1 <b>almost</b> [2] 97:22 156:9	<b>alone</b> [1] 64:20 <b>along</b> [2] 37:1 115:12 <b>Alteen</b> [2] 6:8 96:5 <b>always</b> [6] 3:14 46:9 69:12 99:17 111:9 119:5 <b>amended</b> [2] 74:15,19 <b>America</b> [2] 31:8,21 <b>American</b> [3] 106:9,12 111:2 <b>amongst</b> [1] 108:17 <b>amortization</b> [10] 79:23 80:7,9,19 92:17 204:8,9 205:8 206:19,22 <b>amortizations</b> [6] 80:3 80:10,11 85:25 206:4 207:1 <b>amortize</b> [2] 79:16 204:12 <b>amortizing</b> [1] 204:6 <b>amount</b> [11] 4:25 5:1,10 54:22 75:17 119:25 130:16 137:11 204:1 212:1 217:10 <b>amounts</b> [3] 5:2 204:3 205:19 <b>analysis</b> [6] 36:24 56:1 162:17 182:22 196:18 198:6 <b>annual</b> [11] 43:2,3 90:6 126:18 128:23 129:2,16 130:2 132:15,17 161:23 <b>annually</b> [1] 212:15 <b>anomalous</b> [1] 12:23 <b>anon</b> [1] 154:16 <b>answer</b> [10] 35:12 48:20 114:23 122:14 136:15 160:24 168:1 171:19 215:23 216:8 <b>answers</b> [1] 37:14 <b>anytime</b> [1] 204:6 <b>apologize</b> [1] 187:2 <b>apparatus</b> [1] 220:9 <b>appear</b> [6] 33:1 34:25 35:2 36:12,13,15 <b>Appendix</b> [1] 114:7 <b>apples</b> [4] 124:12,13 195:4,5 <b>applicable</b> [1] 135:2 <b>application</b> [44] 2:25 9:9 12:7 21:16 28:24 32:5,8 33:17,20 34:5 38:12 76:24 78:2,17,21 79:4 80:16 87:3 100:14,17 101:1,6 106:19 131:7 132:13 144:21 151:17 154:23 166:18,19 170:24 171:1,18 172:1 173:17 177:13 180:5 182:25 197:9 201:25 203:14,17 206:10 220:5 <b>applications</b> [4] 76:25 77:17 79:10 87:8 <b>applied</b> [14] 79:1,16 99:8 100:19 112:13 116:7 120:14 125:20 138:6
---	--	---	---	---

159:11 178:14,18 179:16 201:6 <b>applies</b> [1] 138:14 <b>apply</b> [15] 77:21 81:4 92:21 99:2 101:11,20 102:9 118:25 171:16 173:21 177:12 185:25 189:24 193:17 211:19 <b>applying</b> [3] 77:25 138:16,17 <b>appreciate</b> [3] 14:17 115:24 165:24 <b>approach</b> [2] 137:13 150:18 <b>appropriate</b> [15] 14:13 22:1 27:5 30:9,22 67:20 68:9,10 102:4 115:13 141:23 155:23 156:8 182:7 199:14 <b>appropriately</b> [2] 44:3 44:16 <b>appropriateness</b> [1] 213:23 <b>approval</b> [7] 104:7,12 104:19 105:8,15,20,24 <b>approved</b> [13] 3:15,17 3:22 4:3,4,20 48:15 77:3 77:7,9 85:9 104:25 179:22 <b>approximate</b> [1] 128:22 <b>April</b> [6] 135:4,4,5,10 139:13 217:5 <b>area</b> [2] 166:16 212:12 <b>areas</b> [3] 50:5 213:20 214:8 <b>argue</b> [1] 192:17 <b>argument</b> [1] 22:19 <b>arise</b> [2] 84:25 117:20 <b>arose</b> [2] 1:22 125:11 <b>arrange</b> [1] 152:10 <b>arrangements</b> [1] 64:11 <b>arrived</b> [1] 26:9 <b>articulated</b> [1] 56:14 <b>asks</b> [1] 43:1 <b>aspect</b> [1] 55:10 <b>assertion</b> [1] 36:22 <b>assess</b> [2] 49:18 50:4 <b>assessment</b> [18] 18:8 36:23 41:6 48:4 52:17 56:6,7,10,11,22 65:15 71:21 98:20 106:20 110:1 110:9 120:4 122:12 <b>asset</b> [9] 105:2 108:5 117:21 118:8,16 119:5 164:15,16 169:6 <b>assets</b> [11] 17:11 54:22 54:25 104:25 107:25 108:8 118:22,25 120:20 128:1 129:18 <b>assistance</b> [1] 67:11 <b>associated</b> [4] 117:9 132:4 162:7 163:16 <b>assume</b> [5] 1:19 87:14 175:16 192:8 195:11 <b>assumed</b> [1] 91:5	<b>assuming</b> [6] 130:18,21 147:3 184:21 200:11 216:7 <b>assumption</b> [3] 129:17 129:21 140:12 <b>assumptions</b> [2] 127:5 131:16 <b>asterisk</b> [1] 187:21 <b>attached</b> [1] 106:18 <b>attention</b> [4] 9:23 11:17 60:13 107:13 <b>attributable</b> [1] 215:21 <b>au</b> [1] 214:11 <b>August</b> [8] 33:10 74:18 74:19,19 96:23 139:4 151:17 152:6 <b>authority</b> [3] 171:22 175:25 181:7 <b>automatic</b> [6] 139:11 155:24 156:7,13 169:17 181:7 <b>avail</b> [2] 98:3 101:18 <b>availability</b> [1] 73:25 <b>available</b> [4] 7:9 108:19 118:19 211:18 <b>availed</b> [1] 36:25 <b>avalanches</b> [1] 53:1 <b>average</b> [37] 10:1 11:11 11:12,20,21 13:5 48:4 48:12 49:23 50:1,3,21 51:3,14,16,24 52:5 55:21 56:23 58:3,4,7,8,16 59:8 59:9,10,11,13,17 60:7 61:4 62:20,21 65:12 115:21 130:6 <b>awarded</b> [3] 25:18 33:6 158:14 <b>aware</b> [28] 7:15 21:18 25:5 58:24 70:1 78:3,6,9 96:7 100:11 101:1,3 104:8,10 107:17 114:15 114:20 135:13 139:6,8,9 157:12,19,21 168:17,24 169:10,14 <b>away</b> [1] 122:4	<b>based</b> [29] 12:5,21 15:18 22:20 31:18 43:10 69:22 81:3 87:7 89:1 90:3,9 91:17 95:14,21 122:23 126:16 136:17 138:8 163:9,9 164:13 173:6 190:7 196:18 201:2 216:8 217:11 218:4 <b>basic</b> [1] 90:15 <b>basis</b> [60] 17:15 52:10 55:13 61:9 65:3 67:23 72:18 79:14 90:20 91:3 111:19 113:22 116:5 120:4,22 122:12 123:6 130:9 149:3,21 158:16 159:2,7 186:7,18 187:9 187:9,16 188:5 189:20 190:3,5,11,24 191:15,15 191:17,21,23,24 192:16 193:8,23,25 194:1,8,20 197:7,17,19,21,23 198:20 199:2 200:6,19,23 201:18 201:24 202:8 <b>battle</b> [1] 68:9 <b>BC</b> [10] 14:19 15:16,21 16:11,11,13 17:9 18:4 18:12 59:4 <b>bears</b> [1] 155:22 <b>become</b> [1] 173:4 <b>becomes</b> [1] 131:22 <b>becoming</b> [1] 157:1 <b>begin</b> [1] 68:9 <b>beginning</b> [2] 87:9 102:1 <b>behalf</b> [1] 57:6 <b>behind</b> [1] 84:23 <b>belief</b> [1] 52:22 <b>believes</b> [2] 38:10 176:23 <b>below</b> [12] 25:24 33:14 47:17,21 55:12 74:13 146:14 148:8 209:4 210:2 210:16,17 <b>benchmark</b> [1] 211:24 <b>benchmarked</b> [1] 5:23 <b>benchmarks</b> [2] 3:6,7 <b>beneficial</b> [2] 101:12,21 <b>benefit</b> [10] 24:12 25:13 78:14 82:21 83:10 92:25 103:17 104:20 133:5 169:2 <b>benefits</b> [4] 3:5 5:21 106:21 108:3 <b>best</b> [4] 68:6 118:19 138:7 220:8 <b>better</b> [9] 4:22 23:19 74:8 84:21 103:4 105:3 112:10 137:6 164:16 <b>between</b> [32] 10:24 12:16 13:3 17:2 37:19 39:5 44:23 46:14 49:13 50:25 62:19,22 64:11 68:4 105:10 146:17 150:16 158:5 159:3 174:22 181:2 182:4,16 183:13,14 187:14 193:12,25 194:1 196:8 198:11 210:1 <b>betweens</b> [1] 71:14	<b>beyond</b> [1] 20:15 <b>big</b> [5] 47:4 92:24 119:8 164:10 180:16 <b>bigger</b> [1] 17:12 <b>biggest</b> [1] 206:12 <b>billing</b> [1] 97:16 <b>bit</b> [24] 2:19 9:22 11:8 34:22 47:5 55:11 59:5 74:13 89:9 93:13 95:6 99:10 107:21 110:24 123:1 153:8 162:16 163:11,12 164:22 169:16 170:2,12 194:14 <b>Bloomberg</b> [1] 60:20 <b>blue</b> [4] 11:20 136:23 139:10,24 <b>Board</b> [104] 1:20 2:11,22 3:16,18,23,24 4:3,4,12 4:20,22,25 5:8 9:8,12 10:2,4 12:12 14:12 17:2 26:1 27:23 29:18,24 30:7 30:12,19,22 31:22 32:24 44:21 47:1 50:1,20 51:9 51:23 56:24 57:7,13 58:2 58:12 68:1,5 71:4 77:2,3 77:6 78:17,18 82:9,22 83:8,11 84:21 85:24 86:7 90:9,13 98:1 100:12 101:12 105:1,9 111:10 149:22 155:21 156:3 157:15 158:12,21 159:4 165:23 170:16 171:5,13 171:22 172:7 173:8 174:5 174:6 175:17,24 176:3 177:14 178:12 179:17,22 181:3,6 182:24 198:8,15 200:1 201:25 202:3,11 202:12 206:20 207:4 210:10 214:13 216:22 220:6 <b>Board's</b> [7] 30:24 77:8 108:13,15 154:24 155:1 155:20 <b>bond</b> [42] 33:4 53:14 60:20 61:5 73:20,21,22 73:23 74:7 104:14 111:7 151:4 158:7 177:7 182:1 182:5,11,16 185:2,13,19 185:21 187:12 188:5,22 189:14,18 190:4,12 191:11,14,25 192:10,22 193:7,12 194:20,22 195:12 196:9 211:14,16 <b>bonds</b> [5] 69:14 72:19 73:13 192:25 194:17 <b>books</b> [1] 7:16 <b>Booth</b> [12] 41:15 42:7 47:25 48:2,8 60:18 61:4 72:16 157:11 160:10 181:17 190:6 <b>Booth's</b> [9] 25:23 48:12 48:20 60:14 69:23 157:24 158:1 159:5,9 <b>borne</b> [2] 6:5 36:24 <b>borrowing</b> [2] 156:17 157:5 <b>borrowings</b> [2] 72:13 75:17	<b>bottom</b> [10] 11:9 35:7 52:13 64:13 141:21 160:21 187:19,20,24 210:5 <b>bouncing</b> [1] 125:10 <b>bowl</b> [1] 140:13 <b>box</b> [1] 63:21 <b>brand</b> [3] 135:7,9,11 <b>break</b> [9] 86:10,21 87:2 164:21 165:7,8,15,24 166:3 <b>breaking</b> [1] 164:13 <b>briefly</b> [2] 184:19 207:6 <b>bring</b> [15] 18:18 32:14 47:1,24 72:8 78:16 96:17 122:13 155:2,18,19 184:18 204:22 206:17 214:14 <b>bringing</b> [6] 9:23 11:17 34:2 102:18 106:11,24 <b>brings</b> [1] 115:24 <b>British</b> [1] 16:3 <b>brought</b> [7] 14:12 29:13 29:22 133:17 134:6,8,11 <b>budget</b> [3] 46:21,23 104:7 <b>budgets</b> [1] 104:12 <b>built</b> [2] 95:15,19 <b>burden</b> [1] 155:23 <b>business</b> [35] 41:10 46:12 48:4 49:14,19,23 50:1,5,6,18,25 51:3,13 51:16,21 52:4,17,23 55:19 56:1,15,17,18 58:3 58:8,11,13,16 59:1 64:18 65:12 109:9 110:15 129:5 146:3 <b>businesses</b> [2] 17:8 65:2 <b>buy</b> [1] 6:4
---	---	---	--	---

---

**-C-**

---

**CA-03** [1] 48:1  
**CA-NP** [4] 122:20  
167:20 168:1 204:15  
**CA-NP-004** [1] 48:2  
**CA-NP-04** [1] 48:10  
**CA-NP-127** [1] 129:1  
**CA-NP-320** [1] 162:4  
**CA-NP-381** [1] 8:2  
**CA-NP-398** [2] 172:10  
206:23  
**CA-NP-596** [2] 119:22  
122:9  
**CA-NP-683** [3] 136:2,5  
140:25  
**calls** [1] 133:13  
**Canada** [37] 13:13 16:2  
17:9 33:4 51:4 52:14  
72:19 73:21 74:7 111:8  
112:20 113:25 156:15  
158:4 177:6 182:1,5,16  
183:5 185:2 187:12 188:4  
189:14,18 190:4 191:11  
191:25 192:10,22,25

<p>193:12 194:17,19,22 195:12 196:9 210:17 <b>Canadian</b> [7] 5:24 33:6 33:15 48:15,16 52:5 79:8 <b>cannot</b> [3] 31:1 41:1 99:23 <b>CANP-141</b> [1] 114:25 <b>capability</b> [2] 41:6,12 <b>capital</b> [47] 12:9 14:11 29:23 30:21 31:5 36:13 46:22,25 47:1 61:5 63:20 66:23 71:1,3,5,15,21,23 72:3,14 77:13 78:22 79:4 79:10 85:5,7 98:5 104:7 104:12 143:18 171:7 174:23 175:1,18,20 176:1 181:9 182:17 183:16,20 196:16 197:12 198:2,15 199:1,10,11 <b>Capital's</b> [2] 60:19 158:6 <b>captured</b> [2] 123:22 124:15 <b>capturing</b> [1] 89:20 <b>care</b> [9] 136:11,14,16,22 137:2,9,13 138:20 140:11 <b>careful</b> [1] 160:4 <b>carry</b> [2] 107:3 165:15 <b>case</b> [36] 20:24 21:3,11 30:6 38:8 56:14 60:9 72:7 90:16,21 92:11 99:15 102:2,19 104:15 106:7 109:22 117:18 120:13 144:19 149:23 151:9,25 152:8 161:7 171:13 182:12 187:25 192:25 193:19 198:13,22 199:4 200:9 217:8,20 <b>cases</b> [5] 97:12 102:20 152:8 157:17 198:11 <b>cash</b> [8] 143:16,16,20,23 143:25 211:16,17 212:1 <b>cashflow</b> [19] 26:8 145:9 145:16,17,21,22 146:6,8 147:2,4,5,15,16 148:5,6 148:7,10,13 149:18 <b>categories</b> [1] 169:11 <b>certain</b> [14] 52:23 54:25 68:3 82:17 93:19 144:13 152:4 167:21 173:4 180:21 182:13 204:7,11 211:21 <b>certainly</b> [70] 14:20 15:12,18 21:2 24:11,25 31:4,10,11 36:21,21 42:12 45:3 46:19 47:10 50:6 52:21 54:6 55:12 55:25 59:3 69:8 70:5 71:15 72:3 75:16 78:22 80:12,13 88:9 89:23 102:20 105:12 106:13 111:17 112:9,16,20 118:18 119:17 121:6,7 121:10,23 124:9 138:22 142:14 145:25 153:8 164:17,18,24 171:3,6,22 172:10 173:9 180:25 181:4 183:2,7 192:16</p>	<p>196:7 198:25 201:13 204:24 206:3 207:3 213:14,21 <b>certainty</b> [1] 102:12 <b>CERTIFICATE</b> [1] 220:1 <b>cetera</b> [2] 73:13 143:21 <b>CFO</b> [21] 19:11,13,19,23 20:4 21:12,13 40:2 78:15 93:18 95:10 98:23 103:3 125:3 143:18 144:24,25 209:1,3 211:1,2 <b>chair</b> [4] 5:7 78:15 164:23 165:3 <b>Chairman</b> [59] 1:3,7,11 1:15,16,21 6:22 7:1,5,8 7:10 14:9 18:10 23:9 30:17 31:4 34:16 36:3,7 38:15 39:13 42:17 44:20 46:11 52:8 57:13 58:23 62:18 68:21 71:7 74:5 76:19 78:21 86:10,11,15 86:19,23 87:6 92:4 93:13 103:21 106:1,11 107:2 111:14 120:13 124:1 140:23 145:25 150:1 154:4,13 165:14,19 166:2 166:8 218:17,23 <b>chance</b> [2] 89:25 185:13 <b>change</b> [56] 59:24 75:24 95:3 100:16,21 128:15 129:17,20,22 130:5 132:18 135:18 139:21 147:21 168:18 169:10 171:8 173:13 174:2 184:21 185:7,10,12,18 185:20 186:8,19 187:9 187:10 188:1,3,4,21 190:12,14,16 191:1,21 191:24,24 192:10,17 193:22 195:10,16 197:7 197:13 198:16 199:1,2 200:21,23 201:6,9,10 203:4 <b>changed</b> [12] 50:18 51:22 56:20,22 57:1 58:24 71:19 117:14 120:15,24 170:18 192:20 <b>changeover</b> [1] 152:4 <b>changes</b> [19] 118:1 124:7 127:14,23 139:12 140:21 157:19 174:24 181:12,15 182:23 184:3,11 185:25 192:6,7,11,15 196:2 <b>changing</b> [3] 192:21 193:3,6 <b>characteristic</b> [1] 108:18 <b>characterized</b> [2] 39:10 111:4 <b>charge</b> [2] 1:13,17 <b>charged</b> [1] 135:6 <b>charges</b> [3] 59:7,9 63:8 <b>chart</b> [4] 9:25 74:13 115:23 129:15 <b>check</b> [8] 7:24 32:12 70:22 73:6,10 76:13 119:16 167:12</p>	<p><b>Chief</b> [1] 168:17 <b>choices</b> [1] 30:4 <b>choose</b> [1] 90:16 <b>Chris</b> [8] 5:8 9:13 129:4 129:11,12 143:1 162:15 172:20 <b>Christmas</b> [1] 82:12 <b>chronic</b> [1] 97:24 <b>Cicchetti</b> [2] 111:3,5 <b>circumstances</b> [2] 103:2 120:14 <b>cited</b> [3] 50:2 51:9 56:24 <b>claims</b> [2] 136:17 137:5 <b>clarification</b> [1] 159:9 <b>clarified</b> [1] 72:7 <b>clarify</b> [1] 88:2 <b>class</b> [1] 215:21 <b>clause</b> [6] 75:23,25 76:2 76:6,10,16 <b>clear</b> [5] 6:10 18:5 37:9 193:14 196:12 <b>clearly</b> [5] 68:5 142:1 144:8 182:14 203:16 <b>close</b> [2] 126:8 210:5 <b>closer</b> [7] 87:9 127:7 128:16,19 173:3,11 205:10 <b>closing</b> [1] 160:12 <b>closure</b> [1] 206:9 <b>CLP</b> [1] 143:19 <b>co</b> [2] 188:15 191:1 <b>co-efficient</b> [3] 190:9 195:23 196:7 <b>coin</b> [1] 110:20 <b>collected</b> [3] 161:3,11 161:13 <b>collecting</b> [1] 205:18 <b>Columbia</b> [1] 16:3 <b>column</b> [2] 8:21 19:21 <b>combine</b> [1] 150:21 <b>combined</b> [5] 148:2,18 149:9 210:5,19 <b>combining</b> [2] 212:24 213:6 <b>comfort</b> [1] 198:18 <b>comfortable</b> [1] 40:13 <b>coming</b> [10] 21:5,11 33:18 56:13 84:22 92:24 181:12 196:15 210:21 212:18 <b>commensurate</b> [1] 108:19 <b>comment</b> [2] 78:11 197:4 <b>commentary</b> [1] 115:13 <b>commercial</b> [2] 5:24 109:23 <b>Commissioners</b> [2] 119:21 220:6 <b>commitment</b> [1] 64:22 <b>committed</b> [1] 74:16 <b>common</b> [31] 6:4 11:11</p>	<p>11:21 12:14 13:5 25:9 25:14 27:25 32:6 45:16 46:4 48:13,17,19,25 49:7 63:2,5,24 64:5 65:5,6,23 65:25 66:9,22 67:4 81:7 112:19 121:21 150:2 <b>communities</b> [1] 214:9 <b>Community</b> [1] 133:19 <b>companies</b> [9] 16:1 17:15,17 23:23 65:7,11 65:22 107:25 211:20 <b>company</b> [51] 3:14 4:9 4:16 8:3 10:4,10 16:7,8 16:9,22 17:3,4 20:14 22:21,24 24:12,21 25:14 26:25 27:17 28:5 31:25 32:1 37:9,13 38:1,18,25 41:4,5 42:2,20 59:8 64:12,23 79:20 81:15,18 85:21 98:18 143:12,15 170:19 172:2,15 173:18 174:4 176:4,13,22 196:2 <b>company's</b> [28] 2:8,13 3:7 4:6 5:18 6:10 10:16 11:23 12:13 18:16 22:8 23:11 24:16 35:18,24 36:2 38:13 72:14 106:17 126:23 129:19 169:2,19 170:13,17,25 172:11 175:13 <b>comparable</b> [10] 17:17 18:4 24:20,22 27:8,15 44:13 108:20 111:20 114:9 <b>compare</b> [7] 17:8,23 56:2 59:4 74:11 192:13 192:23 <b>compared</b> [4] 22:21 37:1 195:14 211:25 <b>comparing</b> [6] 40:20 98:5 105:10 124:12 194:4 218:9 <b>comparison</b> [2] 17:18 50:10 <b>compensation</b> [11] 1:23 2:8,12,21 3:10 5:11,13 5:19,22 6:11,14 <b>competition</b> [2] 108:23 108:24 <b>complaint</b> [1] 84:2 <b>complete</b> [3] 81:23 165:8 165:9 <b>completed</b> [4] 123:6,6 124:4 131:15 <b>completely</b> [2] 146:19 169:23 <b>complications</b> [1] 67:3 <b>components</b> [1] 5:19 <b>computer</b> [1] 11:18 <b>concede</b> [2] 89:5 99:25 <b>conceded</b> [1] 58:5 <b>concentration</b> [1] 53:13 <b>concept</b> [8] 22:6 25:16 40:4 45:14 94:5 96:1 100:7 107:17 <b>concepts</b> [1] 92:21 <b>conceptually</b> [1] 136:9</p>	<p><b>concern</b> [22] 27:9 68:2 84:8 132:3 142:9,16,19 144:8,9 149:4 157:4 175:7,12 187:6 189:9 190:23 191:4 197:11 199:10,21 209:14,17 <b>concerned</b> [6] 26:11 100:11 102:11 174:7 199:17 209:18 <b>concerns</b> [6] 21:3 102:7 102:21 149:12 182:10 211:7 <b>conclude</b> [4] 6:18 22:19 58:2 218:13 <b>concluded</b> [1] 50:20 <b>concluding</b> [1] 32:15 <b>conclusion</b> [1] 219:1 <b>concrete</b> [1] 85:2 <b>condemn</b> [1] 97:24 <b>condition</b> [1] 86:5 <b>conditions</b> [21] 33:1 50:13 71:1,3 74:22 75:21 75:23 156:10 170:7 174:3 175:10 177:6 180:19,21 180:23,24 181:9 192:6 195:9 197:13 198:16 <b>confer</b> [2] 160:10,12 <b>confess</b> [1] 135:14 <b>confirm</b> [20] 8:11,16 18:17 20:21 35:21 38:8 64:2 70:19 73:1 79:11 117:7 121:12 125:9 127:4 128:14 141:12 153:5,11 173:12 215:24 <b>confirmation</b> [1] 128:13 <b>confirmed</b> [3] 16:7 69:21 141:1 <b>confusing</b> [1] 186:23 <b>connected</b> [1] 23:15 <b>Connecticut</b> [2] 142:4 143:13 <b>connection</b> [1] 83:23 <b>consensus</b> [10] 33:10 156:25 187:15 192:8,15 193:7 194:16 195:1,11 202:22 <b>consent</b> [3] 1:9 9:10 155:6 <b>conservation</b> [2] 212:16 213:1 <b>conservative</b> [2] 54:9 65:3 <b>consider</b> [23] 3:7 17:2 20:12 27:4 37:20 44:12 51:2,7 52:4 57:7,14,16 99:18 105:7,10 128:7 133:2 147:22 154:7,10 199:3,4 206:21 <b>considerably</b> [3] 18:19 210:16,17 <b>consideration</b> [11] 27:1 28:10,12 98:4 109:7,20 127:23 154:5 164:19 181:5 207:3 <b>considerations</b> [1] 164:10</p>
---	---	--	--	---

<p><b>considered</b> [16] 14:7 25:8 27:18 41:10 44:11 50:3 51:7 83:8 108:23 110:25 111:9,11 150:8 163:2 180:25 206:7</p> <p><b>considering</b> [1] 81:23</p> <p><b>consistent</b> [6] 6:14 38:13 38:24 45:16 146:19 206:3</p> <p><b>consolidated</b> [3] 64:5 65:25 106:25</p> <p><b>constitute</b> [2] 33:9,13</p> <p><b>construct</b> [2] 46:2 84:18</p> <p><b>construction</b> [1] 105:2</p> <p><b>consultant's</b> [1] 9:7</p> <p><b>consumer</b> [7] 2:15,20 30:20 135:24 160:23,25 167:23</p> <p><b>consumers</b> [1] 24:11</p> <p><b>consumption</b> [2] 136:19 164:15</p> <p><b>contains</b> [2] 74:21 75:20</p> <p><b>contention</b> [1] 93:9</p> <p><b>contest</b> [1] 150:16</p> <p><b>context</b> [6] 105:13 108:21 132:23 138:12 150:11 206:22</p> <p><b>continue</b> [3] 143:8 165:24 168:8</p> <p><b>continued</b> [2] 32:24 64:25</p> <p><b>contract</b> [1] 75:7</p> <p><b>contrast</b> [2] 143:22 145:15</p> <p><b>contributes</b> [1] 6:9</p> <p><b>contributions</b> [1] 6:13</p> <p><b>control</b> [5] 1:20 46:21 124:8,12 135:20</p> <p><b>controls</b> [1] 134:11</p> <p><b>conversation</b> [4] 69:22 136:24 139:24 152:6</p> <p><b>convert</b> [1] 218:5</p> <p><b>convinced</b> [3] 182:2 196:21 197:25</p> <p><b>corollary</b> [1] 26:20</p> <p><b>corporate</b> [3] 72:15 156:17 157:5</p> <p><b>corporation</b> [1] 112:14</p> <p><b>corporation's</b> [2] 64:18 64:24</p> <p><b>correct</b> [95] 7:17,22 10:8 10:13,19 12:19 20:19 37:2 43:19 65:19 66:15 72:24 77:15 81:19 82:6 83:16 89:13,21 90:3 91:19,21 92:2 93:22 95:12 98:6 107:15 117:4 117:10,24 122:5 130:18 131:11 133:6,8,15 145:23 146:10 158:23,25 166:20 166:22 167:2,4 168:5 170:8,10 176:24 177:1,7 177:9 178:1,3,8 179:18 179:20 181:18,20 185:3 185:5,14,16,23 186:2,4 186:9,11 187:12,22 188:6</p>	<p>188:12,19 189:5 190:19 190:21 200:24 203:20,22 205:25 207:15,17,22 212:19,21 214:23,25 215:11,13 216:3,5,13,15 217:20,22 218:2 220:3</p> <p><b>correction</b> [1] 13:18</p> <p><b>correctly</b> [2] 143:7 169:20</p> <p><b>correlation</b> [2] 62:19 62:22</p> <p><b>cost</b> [119] 6:1,2 12:9 14:11 17:12 18:7 24:11 28:22 29:23 30:21 31:4 33:2,7,11 36:13 40:9,23 45:13 46:17,18,19 50:14 59:9,11,13,17,23 60:7 61:21,23,24 62:3,7,16 62:19,20,21,23,23 63:7 69:16 71:5 77:12,25 78:8 78:22 79:3,3,10 83:2 85:4,7,23 90:8 91:6,23 93:2 97:17,17 98:5 99:18 112:11 124:14 127:23 128:23 132:4 135:19 136:8 137:16,22 138:4 140:8 157:5 164:5,17 169:11 170:23 171:7,9 173:4 174:23 175:18,20 175:21 176:1,9 179:1,10 182:6,17 183:15,20 191:12,16 192:19 193:4 193:9 194:20 195:16 196:9,16 198:2 199:1,6 199:9,11,15,18,21 201:5 201:10 205:5,25 211:18 213:16,18 214:20 215:17 215:18</p> <p><b>costs</b> [46] 12:9,10 40:3,9 40:12,14,17 44:23 46:16 59:20 61:16 63:3 77:5,8 77:11 89:21 90:1,3,12 91:18 92:2,13 93:5,12 93:20 95:19 97:15 98:25 99:12 105:17 119:1 132:2 132:24 136:20 137:15 138:20 156:17 169:12,12 205:6,22,24 206:14,25 212:2 217:19</p> <p><b>countering</b> [1] 169:5</p> <p><b>country</b> [13] 14:5,19 15:24 31:7,17,20 35:3 36:10,11 55:4 85:11 149:9 199:8</p> <p><b>couple</b> [11] 1:21,25 30:3 44:2 140:5,15 156:23 163:6 165:3 174:25 212:13</p> <p><b>coupon</b> [1] 73:19</p> <p><b>course</b> [3] 100:10 165:11 188:14</p> <p><b>cover</b> [4] 23:6 87:22 173:21 212:1</p> <p><b>coverage</b> [15] 19:6 21:12 26:8 143:17,20,24 145:9 145:16 146:7 147:3,5 148:5,11 149:18 210:25</p> <p><b>covered</b> [2] 26:10 176:20</p> <p><b>credit</b> [46] 14:23 18:17</p>	<p>22:4 25:10 27:10 64:14 64:16,17,24 68:3 71:17 71:17 72:14 74:16,20,23 75:3,6,22 76:11 84:1 97:23 110:12 141:15 146:22 148:16 151:9 152:9 153:7 157:18 159:13 191:2 195:24 207:6,22 209:25 210:11 211:8,10,12,14,19,20,23 212:6,7</p> <p><b>criteria</b> [1] 145:23</p> <p><b>cross</b> [5] 114:24 133:17 136:24 139:10,24</p> <p><b>cross-examination</b> [3] 1:24 7:9 96:15</p> <p><b>crossover</b> [6] 162:5,10 162:15,18,21 163:24</p> <p><b>current</b> [21] 33:14 60:11 61:23 100:21 118:21,21 126:16 149:24 170:6 180:22 185:1 187:14 189:19 190:1,18 193:20 194:5 207:22 208:3,11 216:17</p> <p><b>curtailable</b> [1] 212:15</p> <p><b>customer</b> [8] 13:24 90:10 100:22 109:19 201:9 215:21 216:12 218:1</p> <p><b>customer's</b> [1] 163:14</p> <p><b>customers</b> [21] 14:7 15:5 24:13 45:4 68:6 109:17 128:5 138:22 160:24 161:3,4,14 163:19 164:18 205:18 214:15,23 215:5 215:5,9,11</p> <p><b>cut</b> [1] 167:8</p>	<p>62:16,19,21,23 63:3,7 63:23 64:16,23 68:24 69:17 73:15 74:1,10 143:18,25 144:25 145:17 145:22 146:8 147:6,15 147:16 148:6,8,13 207:15 209:3 211:2 212:3,8</p> <p><b>decade</b> [2] 6:16 156:9</p> <p><b>December</b> [3] 69:21 126:19,25</p> <p><b>decide</b> [3] 30:8 57:14 58:12</p> <p><b>decided</b> [3] 36:18 149:22 158:21</p> <p><b>decides</b> [2] 29:18 30:22</p> <p><b>decision</b> [13] 31:22 82:11 82:11,18,19 83:13 88:3 89:1 132:25 155:1,15,20 173:20</p> <p><b>decisions</b> [5] 43:10 84:20 86:7 124:10 178:1</p> <p><b>declare</b> [1] 102:5</p> <p><b>decline</b> [9] 50:8,10 52:11 52:12 59:17,21 73:20 75:16 200:5</p> <p><b>declined</b> [2] 28:23 59:13</p> <p><b>declining</b> [6] 33:4 199:22 202:2,10 210:20 211:5</p> <p><b>decrease</b> [10] 19:19 74:20,24 75:11 168:25 174:20 175:11 189:2 191:14 195:15</p> <p><b>decreasing</b> [4] 21:4 130:8 175:22,23</p> <p><b>deduced</b> [1] 194:16</p> <p><b>deem</b> [3] 29:24 68:8,10</p> <p><b>deemed</b> [5] 30:7 32:11 67:20 78:24 85:10</p> <p><b>deeply</b> [1] 102:17</p> <p><b>defer</b> [2] 85:24 166:3</p> <p><b>deferral</b> [7] 121:21 122:23 203:13,14 204:3 205:20 206:9</p> <p><b>deferrals</b> [5] 204:17,25 205:7,8 206:19</p> <p><b>deferred</b> [2] 77:3,9</p> <p><b>deficit</b> [7] 213:10,12,14 213:24 217:2,5 218:8</p> <p><b>defined</b> [1] 169:2</p> <p><b>defines</b> [2] 41:15 42:7</p> <p><b>definitely</b> [2] 131:8 132:17</p> <p><b>definition</b> [1] 48:18</p> <p><b>degree</b> [3] 117:8 121:8 167:22</p> <p><b>delayed</b> [1] 83:15</p> <p><b>deliberate</b> [2] 13:6 29:22</p> <p><b>demand</b> [3] 46:17 212:16 213:1</p> <p><b>demographics</b> [2] 50:7 52:13</p> <p><b>demonstrate</b> [1] 43:21</p> <p><b>demonstrated</b> [2] 64:25 65:24</p>	<p><b>depart</b> [1] 98:12</p> <p><b>depend</b> [1] 75:17</p> <p><b>depending</b> [3] 88:4 127:22,22</p> <p><b>depreciate</b> [1] 46:25</p> <p><b>depreciation</b> [6] 107:18 160:18 161:1,12,23 163:16</p> <p><b>deprived</b> [1] 100:23</p> <p><b>derive</b> [1] 61:8</p> <p><b>derived</b> [2] 60:20 215:20</p> <p><b>describe</b> [2] 13:1 186:18</p> <p><b>described</b> [1] 189:16</p> <p><b>description</b> [1] 41:21</p> <p><b>deserve</b> [2] 22:25 23:24</p> <p><b>deserves</b> [1] 22:24</p> <p><b>desire</b> [1] 70:2</p> <p><b>detail</b> [1] 157:22</p> <p><b>deteriorating</b> [1] 149:1</p> <p><b>deterioration</b> [2] 148:3 150:22</p> <p><b>determinants</b> [1] 97:16</p> <p><b>determination</b> [9] 27:1 27:19 43:3 51:10 77:25 78:7,18 173:10,16</p> <p><b>determinations</b> [1] 100:13</p> <p><b>determine</b> [10] 22:2 55:19 126:24 184:24 198:8,10,13,22 204:8 212:7</p> <p><b>determined</b> [9] 31:11 49:25 85:7 126:19,23 164:8 170:23 194:21 202:13</p> <p><b>determines</b> [1] 29:24</p> <p><b>determining</b> [4] 77:12 105:2 108:13 118:25</p> <p><b>developed</b> [2] 139:2 156:11</p> <p><b>devote</b> [1] 107:12</p> <p><b>dial</b> [1] 25:6</p> <p><b>difference</b> [18] 12:4 13:3 17:2 49:13 50:25 54:20 71:12 88:21 123:1 146:17 159:3,3,7 180:16 181:2 187:14 190:3 203:8</p> <p><b>differences</b> [4] 54:16 94:15 95:22,25</p> <p><b>different</b> [13] 21:15 40:10 50:5 81:9 90:6 91:3,11 133:1 139:19 182:15 194:23,24 203:5</p> <p><b>difficulty</b> [1] 85:21</p> <p><b>digging</b> [1] 89:9</p> <p><b>direct</b> [13] 38:5 60:13 68:16 141:17 144:7 160:20 182:10 184:16 186:17,24 187:8 189:12 189:17</p> <p><b>direction</b> [3] 182:13 204:15 213:4</p> <p><b>directly</b> [1] 74:11</p> <p><b>Directors</b> [1] 2:12</p>
---	--	---	---	---

**-D-****daily** [1] 46:22**data** [1] 167:15**date** [4] 167:6,8,9 187:23**Dated** [2] 96:23 220:10**dates** [1] 135:2**days** [1] 131:18**DBRS** [11] 53:14 64:15

72:24 73:4 106:19 141:23

152:11 153:3 154:2

211:21,22

**deadband** [9] 186:6

189:3 190:14,24 191:5,8

191:9 200:18 201:12

**deal** [9] 1:5,25 73:12 79:2

79:4 85:12 102:4 160:5

206:9

**dealing** [5] 81:10,22

83:19 93:16 95:10

**deals** [1] 68:24**dealt** [1] 93:6**debate** [1] 196:15**debentures** [1] 72:12**debt** [52] 19:13,20 20:4

21:13 22:9 59:8,9,11,17

59:19,20,21,24,25,25

60:7 61:15,21,24,24 62:4

<p><b>disadvantage</b> [1] 94:22  <b>disagree</b> [5] 22:6 56:13  58:1 91:14 200:20  <b>disagreeing</b> [1] 25:16  <b>disagreement</b> [1] 49:6  <b>disallowed</b> [2] 86:2  105:3  <b>disconnect</b> [1] 95:23  <b>discontinue</b> [4] 155:24  169:25 175:5 181:3  <b>discontinued</b> [2] 181:6  183:7  <b>discontinuing</b> [2]  180:14,23  <b>discount</b> [26] 55:17  118:1,21,24 119:6 120:16  120:17,20,25 125:9,15  126:15,17,25 127:11  128:15,16 129:17,20,23  130:5 131:9 132:14,16  168:25 169:5  <b>Discoveries</b> [1] 220:13  <b>discretion</b> [1] 171:15  <b>discussed</b> [1] 181:8  <b>discussion</b> [16] 5:7,9  20:9 96:4 106:4 136:13  136:23 144:18 151:16,19  157:25 170:5 177:18  195:20 208:19 209:8  <b>discussions</b> [3] 68:25  151:6 213:22  <b>display</b> [4] 159:10  182:10 211:15,25  <b>displayed</b> [4] 45:14  50:15 51:21 67:5  <b>displaying</b> [1] 132:4  <b>dispute</b> [2] 20:15 120:9  <b>disputed</b> [2] 48:20,23  <b>distance</b> [1] 39:4  <b>distinction</b> [1] 37:18  <b>distributed</b> [1] 186:15  <b>distribution</b> [9] 15:25  16:1,8 17:4 55:10 56:2  57:9 109:5 143:11  <b>diversity</b> [1] 64:19  <b>document</b> [7] 96:15  133:18 134:23 150:23,24  151:1 172:14  <b>doesn't</b> [5] 39:21 66:7  106:8 182:13 203:24  <b>dollar</b> [13] 46:22 69:1  72:11 74:16 75:3 119:24  126:7,21 128:11 161:6  204:20,24 205:3  <b>dollars</b> [9] 6:23,25,25  130:6 132:20 161:2,25  216:3,10  <b>domestic</b> [2] 216:12  218:1  <b>dominance</b> [2] 53:16  57:20  <b>done</b> [14] 29:23 30:5 56:1  67:11 75:9 78:2 86:1  88:9,12 91:4 114:6 134:3  194:23 198:6</p>	<p><b>double</b> [6] 81:1,10 87:16  87:20 90:5 92:22  <b>doubt</b> [7] 12:12 67:12  70:3 98:2 101:6 120:8  156:20  <b>down</b> [32] 2:18 9:22  19:20 21:7 60:8 61:16  64:13 105:1 106:23  107:25 108:5,8 116:12  128:5,16 129:4,6 131:10  132:16 134:21 135:20  136:22 144:4 146:13  147:21 152:15 162:16  172:20,22 179:4 197:8  215:23  <b>downgrade</b> [1] 148:16  <b>downgraded</b> [3] 24:10  147:25 207:23  <b>downs</b> [1] 71:13  <b>downward</b> [2] 146:4  147:22  <b>Dr</b> [25] 17:16 25:22 40:8  41:14 42:7 47:25 48:2,8  48:12,20 60:13,18 61:4  69:23 72:16 157:11,24  158:1 159:5,9 160:10  181:17 183:24 184:2  190:5  <b>draft</b> [1] 131:17  <b>drawing</b> [1] 37:18  <b>driven</b> [3] 15:7,8,14  <b>drop</b> [2] 127:11 191:18  <b>dropped</b> [1] 31:16  <b>drops</b> [2] 135:9 193:9  <b>drug</b> [6] 133:5,11,25  136:18,20 138:4  <b>drugs</b> [12] 134:12 136:8  136:10 138:3,13,15,16  138:17,18 140:6,7,9  <b>due</b> [1] 59:21  <b>during</b> [3] 21:3 120:13  184:16  <b>dyer</b> [1] 103:2</p>	<p><b>earns</b> [2] 4:9,16  <b>ease</b> [1] 186:15  <b>easier</b> [3] 34:22 71:3,8  <b>eat</b> [1] 132:20  <b>economy</b> [2] 107:24  108:1  <b>Edison</b> [2] 96:19 98:12  <b>effect</b> [7] 76:7 140:21  161:18,19 162:2 170:25  186:7  <b>effective</b> [1] 108:10  <b>effectively</b> [1] 5:3  <b>efficiencies</b> [1] 174:22  <b>efficiency</b> [4] 44:24 89:2  212:24 213:4  <b>efficient</b> [3] 69:14  188:16 191:2  <b>effort</b> [1] 108:1  <b>either</b> [3] 153:3 171:16  183:6  <b>electric</b> [13] 15:25 16:11  16:13 17:10 33:16 48:16  96:18,19 97:10,11 98:24  142:6 143:14  <b>electricity</b> [2] 213:17,19  <b>elements</b> [1] 41:11  <b>elevated</b> [1] 54:4  <b>ELG</b> [2] 162:8 164:11  <b>eliminated</b> [7] 121:13  169:22,23 176:18 180:4  180:7,9  <b>embarked</b> [1] 106:11  <b>embedded</b> [8] 59:11,20  61:15,24 62:7,15 63:3,7  <b>emergency</b> [1] 102:25  <b>employees</b> [1] 133:5  <b>Enbridge</b> [1] 157:14  <b>end</b> [19] 10:2,3 20:5  25:21 47:10 71:18 81:7  143:1 146:1 168:12,16  183:17 203:19 206:18,21  207:20 208:22 209:15,19  <b>ended</b> [1] 88:4  <b>ends</b> [1] 159:17  <b>energy</b> [5] 16:11 91:6  157:15 158:12 217:19  <b>engaged</b> [2] 14:15  143:11  <b>enhance</b> [1] 158:2  <b>enhanced</b> [1] 159:5  <b>enhancement</b> [1] 158:12  <b>enjoy</b> [1] 196:15  <b>ensure</b> [6] 46:23 81:16  92:16 169:19 174:8 187:4  <b>enter</b> [2] 1:9 96:25  <b>entered</b> [2] 115:4 122:17  <b>enterprise</b> [3] 27:8 41:6  41:13  <b>enterprises</b> [1] 108:20  <b>entertain</b> [1] 28:2  <b>entire</b> [2] 115:21 149:23  <b>entirety</b> [1] 30:2</p>	<p><b>entitled</b> [3] 26:23 28:15  133:18  <b>entitles</b> [1] 32:20  <b>environment</b> [4] 54:9  111:1,9,23  <b>environmental</b> [1]  97:20  <b>envision</b> [1] 176:8  <b>equal</b> [12] 23:22 24:21  48:24 113:22 116:22  130:8,19 136:12,21  137:21 138:19 164:13  <b>equation</b> [1] 15:8  <b>equities</b> [2] 65:7 199:15  <b>equity</b> [113] 2:23 3:3,8  3:11,15,17,21,22,23 4:2  4:5,8,10,13,15,20,23  10:23,25 11:11,21 12:14  12:17 13:5,7 14:5 20:12  21:19,19,21 22:11,24  23:4,18,21 25:9,12,14  26:10,12 27:5,7,14,25  28:14,23 32:6 33:2,6,7  33:12,15 35:9,14 40:9  42:19,25 48:14,17,19,25  49:7 51:11 62:20,23 63:2  63:5 64:5 65:21,24,25  66:8,10 67:4 78:1,8 79:3  115:11,17,19 149:2 150:2  155:1 164:4 170:19,23  171:10,17 173:19 175:22  175:23 176:9 179:1,10  182:6,8 191:12,16 192:19  193:4,9 194:21 195:16  196:10 198:11 199:7,18  199:22 201:5,11 210:7  210:13 211:6  <b>equivalent</b> [1] 72:18  <b>erode</b> [1] 97:23  <b>escalation</b> [1] 91:23  <b>especially</b> [2] 74:3 156:5  <b>essence</b> [4] 24:10 112:14  174:13 196:11  <b>essential</b> [1] 108:17  <b>essentially</b> [3] 46:9  134:5,22  <b>establish</b> [1] 4:23  <b>established</b> [4] 3:6  155:25 156:8 207:13  <b>establishes</b> [1] 146:9  <b>Establishing</b> [1] 3:20  <b>establishment</b> [1]  117:19  <b>estimate</b> [3] 163:9 179:2  194:19  <b>estimated</b> [9] 33:2,7,11  35:9 79:18 80:22 89:21  126:5 163:24  <b>estimates</b> [1] 162:12  <b>estimating</b> [2] 198:2  204:19  <b>et</b> [2] 73:13 143:21  <b>etc</b> [2] 18:17 29:5  <b>evaluate</b> [7] 12:10 14:10  17:15 30:2 31:12 149:5  176:1</p>	<p><b>evaluates</b> [1] 12:8  <b>evaluation</b> [1] 150:9  <b>Eve</b> [1] 82:12  <b>event</b> [8] 47:4 49:6 59:4  72:9 78:4 83:3 93:7  160:13  <b>events</b> [1] 81:16  <b>everybody</b> [1] 65:8  <b>evidence</b> [47] 9:12,13  13:21 14:12 28:25 29:20  29:21 30:8,20,21 32:1,1  32:3 35:19 36:18,24  40:12,20 45:15 50:16  56:16 57:14 59:3 69:23  72:4 96:2 106:17 111:2  112:18 114:8,19 117:13  125:8 127:20 145:7 156:3  156:6 168:14 171:7  175:18 184:2,6,9,16  186:17 187:8 189:17  <b>exact</b> [3] 34:24 128:19  191:4  <b>exactly</b> [6] 37:4 149:10  173:25 178:20 179:9  195:3  <b>examination</b> [4] 1:18  7:12 133:18 166:10  <b>example</b> [9] 91:5 124:19  185:18 189:12 191:13  192:5,20 193:5 205:25  <b>examples</b> [2] 85:2  106:12  <b>exceed</b> [1] 135:1  <b>exception</b> [4] 8:22 65:9  168:25 169:9  <b>exceptional</b> [1] 111:6  <b>excess</b> [4] 5:2 8:23 15:15  45:20  <b>executing</b> [1] 44:6  <b>execution</b> [1] 46:3  <b>executive</b> [8] 1:23 2:8  2:13 3:2 5:10 6:14 97:8  97:9  <b>executive's</b> [1] 6:2  <b>executives</b> [4] 2:22 3:18  5:14 6:12  <b>exhibit</b> [23] 1:10 18:22  18:23 19:2,2,3 21:7  142:24 145:7,18 146:25  147:1,8,20 155:6 184:17  186:14,16 187:19 189:15  208:7,9,10  <b>exhibits</b> [1] 106:18  <b>exist</b> [3] 106:15 183:5  202:21  <b>existed</b> [4] 6:15 76:7  85:20 117:19  <b>existing</b> [6] 59:21,25  142:14 207:12 208:3,23  <b>exists</b> [2] 4:1 183:13  <b>expand</b> [1] 97:19  <b>expanding</b> [1] 99:1  <b>expect</b> [11] 29:5 60:7  143:15,22 144:12 145:1  145:3,8,15 168:13 200:2</p>
---	--	---	--	---

## -E-

E [1] 146:9

e-mail [1] 141:12

early [7] 87:21 123:22

123:23 124:3,9,13,22

earn [26] 3:3 7:17 10:16

32:21 41:7,14,18,24 42:9

43:1,11,16 44:4,9 45:1

46:5,8 83:14 88:24

100:23 103:23 104:2,4

149:6 150:13 206:16

earned [14] 3:8 8:4,13

8:17 10:5,10,10 29:11

37:21 39:18 43:25 46:9

47:3 118:21

earning [10] 15:25 16:3

42:21 44:7,10 97:24

149:2,7 210:7,12

earnings [19] 3:11,13,19

3:25 4:7,11,14,14,18,19

45:20 112:15,17 113:10

113:16 116:4,10,11,24

Index Page 7

<p><b>generic</b> [3] 134:12 138:13,15</p> <p><b>given</b> [25] 6:9 13:14 35:2 44:17 46:1,3,4,8 51:8 79:2 87:10 88:23 99:11 120:21 156:5 174:24 180:22 181:24 182:3,11 185:8 192:5 197:25 199:12 210:16</p> <p><b>giving</b> [3] 28:2 95:9 154:25</p> <p><b>gloss</b> [1] 159:16</p> <p><b>Glynn</b> [13] 1:6 9:11 63:13 96:24 97:4 115:3 122:15,16 133:21 155:5 165:2,22 166:4</p> <p><b>go-forward</b> [2] 201:24 202:8</p> <p><b>goal</b> [1] 81:13</p> <p><b>goals</b> [1] 97:20</p> <p><b>goes</b> [6] 62:12 97:25 140:3 182:12 191:17 194:10</p> <p><b>gone</b> [3] 131:9,10 190:18</p> <p><b>good</b> [13] 15:4 21:9 38:4 39:10 45:2,3 47:6 86:16 92:10 106:20 111:8 166:12,14</p> <p><b>governing</b> [1] 164:2</p> <p><b>government</b> [2] 213:25 214:6</p> <p><b>governments</b> [1] 107:24</p> <p><b>GRA</b> [12] 1:8 10:4 29:11 30:15 78:9,19 82:1 100:10 111:3 114:25 115:7 122:14</p> <p><b>grand</b> [1] 31:17</p> <p><b>grant</b> [6] 9:6 11:6,7,9 148:23 149:15</p> <p><b>granted</b> [4] 25:25 31:13 78:7 147:4</p> <p><b>graph</b> [1] 60:18</p> <p><b>graphed</b> [1] 11:10</p> <p><b>graphic</b> [2] 11:10 12:21</p> <p><b>graphs</b> [1] 158:11</p> <p><b>grappling</b> [1] 97:12</p> <p><b>GRAs</b> [1] 83:25</p> <p><b>great</b> [1] 160:5</p> <p><b>greater</b> [4] 8:13 52:5 55:20 99:3</p> <p><b>Greene</b> [105] 164:25 165:5,10 166:10,11,15 166:23 167:5,13,19 168:6 168:11 169:8,15 170:1 170:11 171:12,24 172:5 173:15 174:1 175:6 176:2 176:11,16 177:2,10,17 178:4,13,17,21 179:3,13 179:21,25 180:11 181:11 182:20 183:19 184:1,10 184:15 185:6,17,24 186:5 186:12,22 187:3,17 188:9 188:13,20,25 189:8,23 190:22 191:19 193:16 195:6,19 197:2,20 198:7 199:16 200:10,16 201:14</p>	<p>201:20 202:5,6,17 203:7 203:11,23 204:21 205:16 206:6 207:5,18,25 208:2 208:12,13,17 209:6,12 211:9 212:4,11,22 213:7 214:12,19 215:1,7,14 216:6,16,21 217:7,17,23 218:12</p> <p><b>grid</b> [1] 75:5</p> <p><b>ground</b> [3] 106:20 170:4 176:19</p> <p><b>group</b> [2] 5:18,24</p> <p><b>groups</b> [1] 164:13</p> <p><b>growing</b> [5] 13:2 59:19 60:5 163:22,23</p> <p><b>growth</b> [19] 51:9 52:20 53:19,21,22 54:1,9 56:24 95:2,6 97:15,17 97:18 98:25 110:18 162:11,17,20</p> <p><b>guaranteed</b> [1] 3:25</p> <p><b>guess</b> [44] 19:2 21:10 25:16 26:22 30:3 42:17 57:2,5 62:12 80:18 85:5 85:23 88:2,4 93:12 95:5 95:16 110:19 131:24 132:3 136:2,25 137:8,20 158:6 159:16 160:17 162:6 163:10 164:12 174:12,25 176:10 178:6 180:3 181:1 182:2 183:11 195:17 196:10,12 197:19 199:5,17</p> <p><b>guidance</b> [1] 211:20</p> <p><b>guide</b> [1] 205:13</p> <p><b>guilty</b> [1] 31:9</p>	<p>50:2 58:25 71:9 124:5 157:14,16 205:25 220:3</p> <p><b>heating</b> [1] 113:5</p> <p><b>heightened</b> [1] 51:13</p> <p><b>held</b> [1] 79:11</p> <p><b>help</b> [1] 52:15</p> <p><b>helpful</b> [2] 187:4 200:1</p> <p><b>hence</b> [3] 116:24 120:23 175:4</p> <p><b>hereby</b> [1] 220:2</p> <p><b>herself</b> [1] 43:1</p> <p><b>hiatus</b> [1] 86:16</p> <p><b>high</b> [7] 18:8,13 53:21 95:6 102:11 125:20 138:2</p> <p><b>higher</b> [20] 12:15 18:19 40:17 47:7 48:14,17,25 49:7 62:15,15 63:2,3,7,8 69:16 123:2 128:3 159:17 162:8 218:7</p> <p><b>highest</b> [4] 13:13,14 14:5 14:18</p> <p><b>highly</b> [1] 205:14</p> <p><b>hire</b> [1] 29:4</p> <p><b>historic</b> [4] 94:18 96:9 99:5 100:2</p> <p><b>historical</b> [13] 93:25 94:8,8,10,14,23 95:1,18 95:21 97:12,21 136:17 156:4</p> <p><b>Historically</b> [1] 87:7</p> <p><b>history</b> [3] 99:18 119:16 180:1</p> <p><b>hit</b> [2] 112:14 119:8</p> <p><b>hold</b> [4] 192:12,12 196:23 218:19</p> <p><b>holder</b> [6] 21:19 22:12 23:18 27:14 48:19 211:16</p> <p><b>holders</b> [1] 211:14</p> <p><b>holding</b> [1] 64:23</p> <p><b>holds</b> [1] 130:21</p> <p><b>hook</b> [1] 155:11</p> <p><b>hope</b> [1] 138:19</p> <p><b>hopefully</b> [1] 137:15</p> <p><b>horizon</b> [1] 92:25</p> <p><b>hour</b> [3] 165:6,8,25</p> <p><b>housekeeping</b> [1] 1:7</p> <p><b>hugely</b> [1] 106:2</p> <p><b>human</b> [1] 2:3</p> <p><b>hundred</b> [1] 132:20</p> <p><b>hybrid</b> [2] 99:5,10</p> <p><b>Hydro</b> [4] 214:15 216:2 217:5,8</p> <p><b>Hydro's</b> [2] 215:25 216:17</p> <p><b>hypothetical</b> [1] 106:2</p>	<p><b>illustrations</b> [1] 85:19</p> <p><b>illustrative</b> [1] 149:16</p> <p><b>imagine</b> [1] 81:3</p> <p><b>impact</b> [22] 20:13 38:17 39:4 112:12 128:12 130:1 134:10 135:25 136:6 137:1,4 149:12 152:12 160:22 161:7 162:10 168:20 169:4 181:25 202:18 204:10 206:21</p> <p><b>impacted</b> [4] 118:7,12 118:15 177:25</p> <p><b>impacts</b> [1] 169:5</p> <p><b>impediments</b> [3] 103:6 103:18,25</p> <p><b>implement</b> [4] 87:11 100:15,21 139:11</p> <p><b>implementation</b> [2] 81:9 90:10</p> <p><b>implemented</b> [4] 81:14 81:17 83:4 139:13</p> <p><b>implementing</b> [1] 82:14</p> <p><b>implying</b> [1] 161:5</p> <p><b>important</b> [4] 51:10 79:20 212:2,3</p> <p><b>impression</b> [1] 71:24</p> <p><b>improved</b> [2] 29:14 74:2</p> <p><b>Inc</b> [6] 6:4,5,9 143:12 220:4,13</p> <p><b>incent</b> [1] 4:1</p> <p><b>incentive</b> [1] 3:12</p> <p><b>incentives</b> [3] 5:21 6:2 6:3</p> <p><b>include</b> [5] 17:17 50:6 124:6 161:1 215:9</p> <p><b>included</b> [9] 5:1,19 204:2,17 205:1,8,19 206:4 214:1</p> <p><b>Including</b> [1] 57:20</p> <p><b>inclusive</b> [1] 124:3</p> <p><b>incorporated</b> [1] 208:4</p> <p><b>incorporating</b> [1] 161:11</p> <p><b>increase</b> [20] 113:1 126:21 128:23 131:23 137:10 145:20 173:21 174:18 175:8 189:1,14 189:18,20 190:11,16,18 192:23 199:19,21 217:25</p> <p><b>increased</b> [3] 63:6 190:2 199:7</p> <p><b>increases</b> [5] 63:9 93:19 138:2 205:5,22</p> <p><b>increasing</b> [4] 156:18 157:5 199:7 206:25</p> <p><b>incur</b> [1] 46:18</p> <p><b>incurred</b> [1] 44:23</p> <p><b>incurring</b> [2] 41:16 42:8</p> <p><b>indeed</b> [1] 66:25</p> <p><b>independent</b> [1] 181:15</p> <p><b>index</b> [1] 158:6</p> <p><b>indicate</b> [12] 4:10,17 8:12 33:23 40:1 48:9 74:25 141:23 174:3</p>	<p>175:10 199:23 213:11</p> <p><b>indicated</b> [31] 5:18 13:22 14:16 19:22 25:24 29:4 29:13 31:25 33:2,8 35:9 37:6 50:24 51:24 55:5 58:17 68:16 108:15 141:16 142:1 146:14 154:23 165:5 179:15 185:1 188:3 207:19 208:25 209:23 210:3 211:4</p> <p><b>indicates</b> [10] 48:11 53:15 63:22 72:9 74:14 78:5 97:8 126:20 133:12 145:19</p> <p><b>indicating</b> [7] 34:17 131:9 140:19 144:11 179:10 193:15 199:18</p> <p><b>indication</b> [2] 33:11 172:1</p> <p><b>indications</b> [2] 126:17 138:7</p> <p><b>industrial</b> [3] 5:24 109:24 215:4</p> <p><b>information</b> [20] 48:10 52:16 57:18 63:14,16 97:1 98:1 115:4 118:20 122:15,17 131:19,21 133:22 134:8,23 139:17 167:7,24 171:25</p> <p><b>infrastructure</b> [2] 97:19 99:2</p> <p><b>initiated</b> [1] 176:4</p> <p><b>initiative</b> [1] 176:12</p> <p><b>inputs</b> [1] 168:19</p> <p><b>inside</b> [6] 136:8,20 138:18 139:13 140:3 153:8</p> <p><b>Insofar</b> [1] 1:17</p> <p><b>instance</b> [17] 18:20 40:18 45:8 77:2 78:3,5,6 83:23 83:24 90:21 106:16 109:22 111:7 112:7 116:1 122:25 210:7</p> <p><b>instances</b> [1] 94:17</p> <p><b>instead</b> [3] 188:10 189:13 190:15</p> <p><b>Institute</b> [1] 96:19</p> <p><b>intact</b> [1] 20:18</p> <p><b>integrated</b> [5] 16:9,21 17:3 57:10 109:5</p> <p><b>integrating</b> [1] 65:1</p> <p><b>integrity</b> [26] 15:4 20:14 20:17 21:2 22:9,13 23:12 24:9,17 25:11,19 26:3 26:25 27:17 28:4,9,14 34:21 37:13 38:1,14,18 38:25 146:20 149:13 177:25</p> <p><b>intend</b> [2] 20:9 160:16</p> <p><b>intended</b> [1] 175:3</p> <p><b>intent</b> [1] 92:14</p> <p><b>inter</b> [1] 164:3</p> <p><b>interchangeable</b> [2] 133:11,25</p> <p><b>interconnected</b> [2]</p>
---	--	---	--	---

214:10 217:3 <b>interest</b> [26] 19:6,11,23 21:12,12 26:8 68:6 142:21 143:16,17,20,24 144:24 145:9,16,21 146:7 147:2,4 148:5,11 149:18 209:1 210:25 211:1 212:2 <b>interested</b> [2] 40:22 69:12 <b>interim</b> [16] 87:22 90:20 100:7,19 101:11,20,24 102:5,9,23 103:5,7,11 103:16,19,21 <b>internet</b> [1] 155:11 <b>interpret</b> [4] 39:13,15 40:7 111:15 <b>interprets</b> [1] 41:17 <b>interrupt</b> [1] 107:1 <b>intervening</b> [1] 171:5 <b>introduction</b> [2] 133:24 137:24 <b>invest</b> [3] 42:2 70:3 104:24 <b>investigated</b> [1] 69:19 <b>investing</b> [1] 42:19 <b>investment</b> [13] 24:21 24:22 41:7,8,13,14,20 41:25 42:1 43:10 66:8 69:9 116:16 <b>investments</b> [1] 108:20 <b>investor</b> [15] 22:24 23:4 23:21 25:12,13,14 27:6 27:7 28:14 33:6,15 35:16 42:25,25 97:10 <b>investors</b> [5] 26:13 68:19 101:14,22 108:4 <b>involved</b> [1] 107:7 <b>involves</b> [1] 53:22 <b>IOUs</b> [2] 97:11,24 <b>island</b> [3] 53:16 213:18 214:3 <b>isolated</b> [2] 214:8,10 <b>isolation</b> [4] 103:10 113:19 128:8 150:11 <b>issuance</b> [3] 67:9 69:2,4 <b>issue</b> [20] 29:23 67:10,20 67:22 68:8,11,12 69:15 79:2,5 83:12 102:16 116:4 125:9,10 141:15 164:2 167:21 169:9 175:12 <b>issued</b> [7] 25:21 67:16 69:14 70:9 72:10 74:10 82:9 <b>issuer</b> [2] 70:6,7 <b>issues</b> [2] 70:8 105:16 <b>issuing</b> [5] 68:18 69:1 69:10 73:18 83:11 <b>it'll</b> [3] 135:19 140:15 162:1 <b>italics</b> [1] 32:23 <b>item</b> [7] 1:7 63:14 97:1 115:4 122:18 133:22 142:20 <b>itself</b> [7] 21:14 38:10	63:23 66:1,15,25 98:3 <hr/> <b>-J-</b> <hr/> <b>January</b> [15] 1:2 82:3 83:4 87:11,15 91:7 97:5 102:5 117:2 126:22 134:2 187:22,23 220:5,11 <b>jeopardize</b> [1] 24:9 <b>jeopardizing</b> [1] 27:16 <b>Jersey</b> [1] 142:7 <b>JOCELYN</b> [3] 1:18 7:12 166:10 <b>John's</b> [5] 88:21 152:21 152:25 220:7,10 <b>Johnson</b> [376] 7:11,12 7:13,20,25 8:10,19 9:5 9:15,16,21 10:9,14,20 11:4,5,16 12:11,20 13:10 13:20 14:2 15:6,13,20 16:5,12,16,20,25 17:20 18:2,14,24 19:8,15 20:1 20:8,22 21:17,25 22:17 23:16 24:5,18 25:4 26:5 26:18 27:3,20 28:11,19 29:3,9 30:10,25 31:23 32:12,13,19 34:1,12 35:4 35:23 36:4,20 37:5 38:2 39:1,8,24 40:15,21 41:2 42:6,13,23 43:6,12,20 44:15 45:5,24 47:12,18 47:22 49:3,10,11,17,22 50:22 51:15 52:2,25 53:4 53:11,12,20 54:2,7,18 55:2,9,16 56:5 57:4,15 57:18,19,24 58:15,23 59:2 60:4,12,17,23,24 61:3,13,25 62:5,11,25 63:11,18 64:3,9 65:15 65:16,20 66:5,6,13,19 67:7,14,15 68:15 69:18 69:24 70:11,15,21,25 71:20 72:5,22 73:2,7,11 73:24 74:12 75:10,19 76:5,13,14,22 77:16,23 78:13 79:6,13,24,25 80:4 80:17 81:12,25 82:7,20 83:9,22 84:6,24 85:17 86:8,13,17,24,25 87:19 88:13 89:4,17,24 90:14 91:13,22 92:23 93:11,17 93:23 94:2,4,16,21 95:8 95:24 96:6,13,14,22,25 97:2,6 98:11,22 99:14 99:21,22 100:4,6 101:4 101:9,16,17 102:6,15 103:12 104:5,11,18 105:6 105:19 106:10 107:4,10 107:16,21,22 108:12 109:2,8,12,16,21 110:3 110:4,8,14,21 111:24 112:23 113:6,12,13,23 114:3,14,21 115:6 116:9 116:25 117:5,16,25 118:5 118:11,13 119:3,11,18 121:5,11,17,25 122:8,19 123:8,20 124:18,24 125:7 125:14,18,19 126:1,12 127:8,16 128:9,21 129:8 129:24 130:11,15,20,25 131:5,20 132:3,7 133:3	133:9,16,23 134:15 136:1 137:19 138:24 139:5,14 140:17 141:3,8,14,20 142:15,22 143:2 144:15 145:5,12,13 146:5,15,24 147:9,14,19 148:22 149:14 150:3,14 151:2,8 151:13,18,23 152:14,20 153:1,5,12,20,24 154:6 154:14,21 155:12,15,16 157:3,9,23 158:20 159:1 159:9,12,24 160:3,8 161:16,22 162:19,25 164:1,20 165:11,17 167:22,22 170:3 176:19 177:19 195:21 207:8,10 208:6,18 209:7 218:20 218:21 <b>Journal</b> [1] 72:17 <b>JP</b> [1] 190:2 <b>JP-1</b> [8] 184:17,20 186:16 187:7,19 188:22 189:15 193:5 <b>judge</b> [1] 156:12 <b>judgment</b> [4] 29:6 30:13 57:3 163:3 <b>judgments</b> [1] 138:6 <b>Judy</b> [2] 220:2,12 <b>July</b> [2] 142:23,23 <b>jump</b> [1] 126:8 <b>June</b> [4] 167:11,12,15,18 <b>jurisdiction</b> [10] 84:3 88:10 94:2,5 103:5 104:6 105:14 106:7,16 210:15 <b>jurisdictions</b> [12] 79:8 94:7 97:11,23 103:10 106:9 111:18,21 113:24 156:23 180:7 196:4 <hr/> <b>-K-</b> <hr/> <b>Karl</b> [1] 5:17 <b>keep</b> [6] 61:14 92:19 98:25 134:20,21 154:17 <b>keeping</b> [2] 97:17 145:7 <b>Kelly</b> [18] 1:13,14,18 2:6 2:14 5:5 6:17 7:7 38:6 76:15,18 105:25 107:1 142:25 154:3,9 172:17 172:21 <b>key</b> [2] 5:19 21:21 <b>kind</b> [1] 106:3 <b>KIRBY</b> [1] 9:18 <b>knew</b> [1] 55:23 <b>knowing</b> [1] 84:19 <b>known</b> [5] 70:7 94:14 95:22,25 139:17 <hr/> <b>-L-</b> <hr/> <b>L'ance</b> [1] 214:11 <b>labour</b> [3] 91:23 96:16 169:12 <b>Labrador</b> [4] 133:25 214:11 217:2 220:8 <b>lack</b> [3] 112:10 137:6 182:4	<b>lag</b> [11] 84:2,7,9 85:2,19 102:21 202:2,10,14,18 202:25 <b>laid</b> [5] 36:17 56:18 90:13 117:12 203:17 <b>landed</b> [1] 183:16 <b>largely</b> [1] 109:23 <b>larger</b> [2] 69:5 205:9 <b>last</b> [47] 1:8,22 5:16 7:22 10:4 11:1,25 19:21 21:3 21:11 28:24 30:14 33:22 38:7,11 50:1,19 51:22 56:14,16 58:14 69:19 71:4 76:24 82:1 87:17 111:3 117:17 120:13 124:5 125:25 129:20 139:18 144:19 151:9,14 153:2,17 154:23 160:19 174:25 193:19 199:24 210:23 212:12 213:8 216:1 <b>late</b> [3] 135:13 156:11 160:17 <b>latter</b> [3] 71:14 74:9 151:16 <b>law</b> [2] 104:6 135:4 <b>lay</b> [3] 14:13 88:21 89:15 <b>laying</b> [1] 90:6 <b>learn</b> [1] 96:1 <b>learned</b> [1] 164:25 <b>least</b> [4] 40:4 65:23 116:5 151:7 <b>leave</b> [2] 17:15 31:21 <b>led</b> [1] 156:12 <b>left</b> [4] 176:3 177:20 204:13 210:23 <b>legacy</b> [2] 97:19 99:1 <b>legislation</b> [6] 135:21 137:7,24 138:14 139:6 139:12 <b>legislative</b> [1] 102:8 <b>less</b> [9] 26:14 83:21 121:23 136:10 142:10 148:5 149:18 163:12 191:8 <b>letter</b> [2] 131:16 141:4 <b>level</b> [19] 6:13 18:8,13 51:13 64:23 71:11,24 102:11 109:9 120:20 121:2 141:23 146:14 148:2,18 150:19,20 198:18 200:24 <b>levels</b> [2] 64:23 105:18 <b>life</b> [1] 164:13 <b>light</b> [4] 120:6 142:4 143:13 180:1 <b>lights</b> [1] 103:13 <b>likely</b> [3] 79:1 147:25 205:14 <b>limit</b> [2] 10:11 181:25 <b>limited</b> [4] 53:19,21 110:18 125:6 <b>limiting</b> [1] 103:1 <b>line</b> [25] 5:9 10:24 11:19 11:20,24 15:2 34:20 37:1	37:8 41:5,12 66:24 80:8 92:18 130:5 145:21 155:20,21,22 157:14 170:21 172:25 181:1 209:2 210:25 <b>linear</b> [1] 140:2 <b>lines</b> [6] 2:16 9:24 19:4 21:7 129:20 140:8 <b>linkages</b> [1] 68:3 <b>liquidity</b> [1] 148:3 <b>list</b> [1] 138:17 <b>listed</b> [1] 134:25 <b>litigation</b> [2] 107:5,7 <b>live</b> [2] 26:13 91:16 <b>living</b> [1] 90:2 <b>load</b> [1] 113:5 <b>logic</b> [1] 23:17 <b>logical</b> [1] 199:6 <b>longer</b> [2] 125:1 156:14 <b>look</b> [58] 14:18,19 15:23 15:24 17:7,9 19:3,4,21 23:22 26:1 31:6,7,8 41:24 42:18,21 50:5,12 50:14 52:10,18 61:15 65:4,5 88:10 91:1 92:6 92:16 95:4,17 102:24 110:12 118:23 132:23 138:6 146:13 150:10 154:16 173:7 183:8 184:19 193:17,18,20,21 194:6,8 196:16 204:9,15 204:18 208:3 209:22 210:8,9,11 215:23 <b>looked</b> [4] 36:10 127:5 183:3 213:5 <b>looking</b> [27] 11:18 23:22 31:9,19 37:7 42:18 71:16 73:19 86:5 88:15 91:15 94:6 124:2 127:9 155:13 162:12 169:7 193:23 194:3,19,22 195:1 199:20 205:14 206:13,23 208:10 <b>looks</b> [3] 173:18,19 206:15 <b>lose</b> [1] 86:6 <b>losses</b> [1] 119:13 <b>lost</b> [3] 112:3,25 119:9 <b>Loup</b> [1] 214:11 <b>low</b> [33] 19:24 43:22 44:11 51:8 52:20 56:24 64:15,18,22 72:23 73:4 74:3,3,5 143:24 144:24 145:9,16 146:1,7 148:6 148:12,23,25 177:6 207:20 208:22 209:2,8,9 209:14,19,25 <b>lower</b> [36] 10:3 20:23 35:15 47:10 48:6,11,18 50:8 52:14 58:4,7,13,18 58:20 61:9 63:5 85:10 108:10 125:24 127:7 136:11 140:13 144:12,14 144:17 161:12 163:16 174:5,9 176:9 178:11 196:7 197:22 199:24 209:23 218:9 <b>lowering</b> [1] 54:14
---	---	--	--	---



<b>lowers</b> [3] 48:25 49:7 51:12	50:18 51:22 56:20 133:1 168:20 173:6	<b>memory</b> [1] 76:2	150:17 151:3,9,14 152:11 153:3 154:2 207:14,21 208:25 209:22 210:14 211:4,22	114:22 115:1,3 116:6,17 117:3,6,11,23 118:3,9 118:17 119:7,15 120:6,7 120:7,12 121:9,12,15,19 122:6,15,16,21 123:4,16 123:25 124:21 125:4,12 125:17,22 126:5,10 127:2 127:12,21 128:10,18,25 129:9,10,14 130:3,13,17 130:23 131:1,3,14 132:1 132:9,22 133:7,14,21 134:5,13 135:11,22 136:4 137:25 139:3,7,23 140:22 141:6,10,16,18 142:7,12 142:17 144:10,20 145:6 145:11,24 146:11,21 147:7,12,17 148:8,14,24 149:25 150:5,25 151:5 151:11,15,21 152:3,15 152:18,23 153:4,16,22 154:17,19,22 155:5 156:4 156:6,11,19 157:7,10,12 157:20 158:18,24 159:8 159:19 160:1,6,13,16 161:8,20 162:3,23 163:4 164:9,22,25 165:1,2,4,5 165:9,10,13,22 166:4,10 166:12,13,21 167:3,10 167:17 168:4,9,23 169:13 169:24 170:9,20 171:20 172:3,9,19,24 173:24 174:11 175:15 176:6,14 176:25 177:8,15 178:2,9 178:15,19,24 179:8,19 179:23 180:8,13 181:19 183:1,23,24 184:8,9,13 185:4,15,22 186:3,10,17 186:20 187:1,13 188:7 188:11,18,23 189:6,21 190:20 191:7 192:2 194:13 195:8 196:5 197:15,24 198:24 200:3 200:13,25 201:17 202:4 202:5,15,20 203:9,21 204:5,23 206:1,11 207:16 207:24,25 208:8,12,15 208:24 209:10,21 211:13 212:9,19,20 213:2,13 214:17,24 215:3,12 216:4 216:14,19,24 217:13,21 218:3,13,14,15
<b>lowest</b> [10] 31:16,20 33:5 35:2 36:11 55:3 69:12 71:11 133:10 149:9	<b>materials</b> [4] 2:11 41:4 83:25 91:24	<b>mention</b> [2] 53:18 142:19	<b>morning</b> [7] 38:5 43:14 89:7 155:6 164:23 165:9 165:12	<b>multiple</b> [1] 173:19
<b>luck</b> [1] 47:6	<b>mathematical</b> [1] 13:3	<b>mentioned</b> [4] 52:21 95:25 198:14 217:24	<b>Moss</b> [2] 220:2,12	<b>name</b> [2] 69:6 135:7
<b>Ludlow</b> [16] 2:17,19 5:10 6:7 13:21 37:6,13,20,24 38:4,9,14 39:5,14 50:7 156:6	<b>Mathematically</b> [1] 67:2	<b>Mercer</b> [1] 126:23	<b>most</b> [7] 68:23 118:20 131:7 154:1 183:5,6 214:4	<b>National</b> [2] 157:14 158:11
<b>Ludlow's</b> [3] 38:22 111:15,17	<b>matrices</b> [1] 146:18	<b>Mercer's</b> [1] 138:9	<b>move</b> [1] 27:21	<b>natural</b> [2] 55:12 56:3
<b>-M-</b>	<b>matrix</b> [29] 14:22 18:16 18:17,18 19:22 20:13 21:4,6,10,14,15,22 22:4 22:12,13 23:6,13 24:1 25:10,23 26:9 27:10 29:14 146:4 148:4,19,19 149:10 150:11	<b>Mercers</b> [7] 127:6 131:8 131:17 136:23 140:19,23 141:1	<b>moved</b> [1] 31:15	<b>nature</b> [7] 40:13 43:22 64:20 76:6 77:18 140:7 191:4
<b>ma'am</b> [2] 60:25 166:9	<b>matter</b> [10] 1:5 22:12,13 31:1 36:9 146:16 164:7 212:14 214:22 220:4	<b>merit</b> [1] 27:9	<b>movement</b> [5] 120:17 182:1,4 183:14 191:11	<b>near</b> [1] 147:24
<b>MacDonald</b> [7] 181:16 184:12 185:12 186:6 190:6 194:25 197:4	<b>matters</b> [4] 2:3 52:16 60:1 84:17	<b>met</b> [2] 4:12,18	<b>movements</b> [3] 120:19 182:17 193:12	<b>nearly</b> [1] 77:4
<b>MacDonald's</b> [3] 185:8 189:3 192:14	<b>mature</b> [1] 54:9	<b>methodology</b> [3] 163:14 164:11,12	<b>moving</b> [8] 76:23 138:1 162:7 163:13 193:1,8 203:12 210:4	<b>NEB</b> [6] 158:8 159:5,11 159:16,18,22
<b>Madam</b> [2] 1:5,12	<b>maturity</b> [2] 72:18 74:18	<b>methods</b> [1] 194:23	<b>Ms</b> [535] 1:6,18,23 2:1,4 2:9 3:1 5:15 6:18,20,24 7:3,12,14,18,23 8:8,15 9:1,11 10:7,12,18,21 11:2,14 12:3,18,25 13:11 13:16,25 14:8 15:11,17 15:22 16:7,10,14,18,23 17:6,16,25 18:9,21 19:1 19:10,17 20:3,14,20,25 21:18,23 22:5,18 23:8 24:3,7,24 25:15 26:16 26:21 27:12 28:6,17,21 29:1,7,17 30:16 31:3 32:2,10,17 33:21 34:9 34:15 35:20 36:1,6 37:3 37:23 38:21 39:6,12,25 40:5,8,11,19,20,25 41:4 41:23 42:11,16 43:4,8 43:18,23 44:19 45:10 46:10 47:16,20 48:22 49:9,15,20,24 51:5,17 52:7 53:2,8,9,17,24 54:5 54:10,19,23,24 55:4,6 55:14,22 56:2,12 57:12 57:17,22 58:9,21 59:10 59:22 60:10,15,18,22 61:1,11,22 62:2,9,17 63:4,13,15,19 64:1,7 65:14,18 66:2,3,11,16 67:1,13,19 68:20 69:20 70:4,13,18,23 71:1,6,24 72:1,20,24,25 73:5,9,16 74:4 75:1,13 76:1,8,15 76:20,23 77:14,20 78:5 78:10,20 79:9,15,22 80:2 80:6,25 81:20 82:5,8,16 82:23 83:17,23 84:4,11 85:3,22 87:1,5 88:1,19 89:5,14,22 90:4,21,24 91:20 92:3 93:9,10,21 94:1,11,19,23,25 95:13 96:2,3,4,11,20,24 97:4 98:2,8,16,23 99:7,20 100:3 101:2,7,15,23 102:10,17 103:8,20 104:9 104:16,21 105:11,22 106:12 107:5,8,14,19 108:7,25 109:6,10,14,18 110:2,6,11,17,23 111:13 111:25 112:2,8 113:3,11 113:18 114:1,5,8,17,19	
<b>Madam</b> [2] 1:5,12	<b>maximum</b> [4] 133:18 135:1,6,10	<b>metric</b> [1] 209:5	<b>move</b> [1] 27:21	<b>-N-</b>
<b>magnitude</b> [1] 176:7	<b>may</b> [9] 14:17 95:1 138:4 164:21 174:15,16,19 201:9,9	<b>metrics</b> [17] 64:24 142:2 142:10 143:5 207:7 209:22,24 210:8,19,20 210:20,24 211:5,10,12 211:20,23	<b>movement</b> [5] 120:17 182:1,4 183:14 191:11	<b>name</b> [2] 69:6 135:7
<b>main</b> [1] 129:19	<b>McShane</b> [17] 16:7 17:16 28:22 39:25 40:11 54:19 55:4 56:2 78:5 96:4 114:22 120:6 156:4 157:11,12 183:24 184:9	<b>mid</b> [2] 69:21 85:13	<b>movements</b> [3] 120:19 182:17 193:12	<b>National</b> [2] 157:14 158:11
<b>maintain</b> [6] 22:8 23:11 23:14 24:16 26:24 28:8	<b>McShane's</b> [5] 40:8,20 96:2 114:8,19	<b>middle</b> [1] 168:12	<b>moving</b> [8] 76:23 138:1 162:7 163:13 193:1,8 203:12 210:4	<b>natural</b> [2] 55:12 56:3
<b>maintained</b> [2] 21:2 146:22	<b>MD&amp;A</b> [2] 63:12 72:8	<b>midpoint</b> [1] 10:5	<b>Ms</b> [535] 1:6,18,23 2:1,4 2:9 3:1 5:15 6:18,20,24 7:3,12,14,18,23 8:8,15 9:1,11 10:7,12,18,21 11:2,14 12:3,18,25 13:11 13:16,25 14:8 15:11,17 15:22 16:7,10,14,18,23 17:6,16,25 18:9,21 19:1 19:10,17 20:3,14,20,25 21:18,23 22:5,18 23:8 24:3,7,24 25:15 26:16 26:21 27:12 28:6,17,21 29:1,7,17 30:16 31:3 32:2,10,17 33:21 34:9 34:15 35:20 36:1,6 37:3 37:23 38:21 39:6,12,25 40:5,8,11,19,20,25 41:4 41:23 42:11,16 43:4,8 43:18,23 44:19 45:10 46:10 47:16,20 48:22 49:9,15,20,24 51:5,17 52:7 53:2,8,9,17,24 54:5 54:10,19,23,24 55:4,6 55:14,22 56:2,12 57:12 57:17,22 58:9,21 59:10 59:22 60:10,15,18,22 61:1,11,22 62:2,9,17 63:4,13,15,19 64:1,7 65:14,18 66:2,3,11,16 67:1,13,19 68:20 69:20 70:4,13,18,23 71:1,6,24 72:1,20,24,25 73:5,9,16 74:4 75:1,13 76:1,8,15 76:20,23 77:14,20 78:5 78:10,20 79:9,15,22 80:2 80:6,25 81:20 82:5,8,16 82:23 83:17,23 84:4,11 85:3,22 87:1,5 88:1,19 89:5,14,22 90:4,21,24 91:20 92:3 93:9,10,21 94:1,11,19,23,25 95:13 96:2,3,4,11,20,24 97:4 98:2,8,16,23 99:7,20 100:3 101:2,7,15,23 102:10,17 103:8,20 104:9 104:16,21 105:11,22 106:12 107:5,8,14,19 108:7,25 109:6,10,14,18 110:2,6,11,17,23 111:13 111:25 112:2,8 113:3,11 113:18 114:1,5,8,17,19	
<b>maintaining</b> [4] 15:3 34:21 38:24 64:22	<b>mean</b> [30] 2:21 12:7 17:9 18:10 25:20 26:12 38:19 51:19 53:13 59:23 66:7 86:6 87:20 98:21 103:14 111:2 120:8 132:24 135:19 137:7 138:11 139:16,21 142:9 144:17 151:25 163:18 164:6 181:20 210:20	<b>midway</b> [2] 85:8 203:2	<b>movements</b> [3] 120:19 182:17 193:12	<b>National</b> [2] 157:14 158:11
<b>major</b> [1] 93:8	<b>McShane's</b> [5] 40:8,20 96:2 114:8,19	<b>might</b> [10] 25:7 26:12 54:3 90:19 95:6 100:22 120:5 122:1 123:22 136:2	<b>moving</b> [8] 76:23 138:1 162:7 163:13 193:1,8 203:12 210:4	<b>nature</b> [7] 40:13 43:22 64:20 76:6 77:18 140:7 191:4
<b>makes</b> [1] 173:20	<b>MD&amp;A</b> [2] 63:12 72:8	<b>million</b> [29] 46:21 69:1 70:10 72:11 74:15 75:2 77:4,7,11 123:21 126:7 126:21 130:6,22 161:2,6 161:10,25 172:16 204:20 204:24 205:2 216:3,9,25 217:6,11,15,15	<b>Ms</b> [535] 1:6,18,23 2:1,4 2:9 3:1 5:15 6:18,20,24 7:3,12,14,18,23 8:8,15 9:1,11 10:7,12,18,21 11:2,14 12:3,18,25 13:11 13:16,25 14:8 15:11,17 15:22 16:7,10,14,18,23 17:6,16,25 18:9,21 19:1 19:10,17 20:3,14,20,25 21:18,23 22:5,18 23:8 24:3,7,24 25:15 26:16 26:21 27:12 28:6,17,21 29:1,7,17 30:16 31:3 32:2,10,17 33:21 34:9 34:15 35:20 36:1,6 37:3 37:23 38:21 39:6,12,25 40:5,8,11,19,20,25 41:4 41:23 42:11,16 43:4,8 43:18,23 44:19 45:10 46:10 47:16,20 48:22 49:9,15,20,24 51:5,17 52:7 53:2,8,9,17,24 54:5 54:10,19,23,24 55:4,6 55:14,22 56:2,12 57:12 57:17,22 58:9,21 59:10 59:22 60:10,15,18,22 61:1,11,22 62:2,9,17 63:4,13,15,19 64:1,7 65:14,18 66:2,3,11,16 67:1,13,19 68:20 69:20 70:4,13,18,23 71:1,6,24 72:1,20,24,25 73:5,9,16 74:4 75:1,13 76:1,8,15 76:20,23 77:14,20 78:5 78:10,20 79:9,15,22 80:2 80:6,25 81:20 82:5,8,16 82:23 83:17,23 84:4,11 85:3,22 87:1,5 88:1,19 89:5,14,22 90:4,21,24 91:20 92:3 93:9,10,21 94:1,11,19,23,25 95:13 96:2,3,4,11,20,24 97:4 98:2,8,16,23 99:7,20 100:3 101:2,7,15,23 102:10,17 103:8,20 104:9 104:16,21 105:11,22 106:12 107:5,8,14,19 108:7,25 109:6,10,14,18 110:2,6,11,17,23 111:13 111:25 112:2,8 113:3,11 113:18 114:1,5,8,17,19	
<b>manage</b> [1] 46:22	<b>mean</b> [30] 2:21 12:7 17:9 18:10 25:20 26:12 38:19 51:19 53:13 59:23 66:7 86:6 87:20 98:21 103:14 111:2 120:8 132:24 135:19 137:7 138:11 139:16,21 142:9 144:17 151:25 163:18 164:6 181:20 210:20	<b>mind</b> [10] 17:1 28:12 61:14 63:9 76:16 87:15 98:2 145:7 147:5 198:3	<b>Ms</b> [535] 1:6,18,23 2:1,4 2:9 3:1 5:15 6:18,20,24 7:3,12,14,18,23 8:8,15 9:1,11 10:7,12,18,21 11:2,14 12:3,18,25 13:11 13:16,25 14:8 15:11,17 15:22 16:7,10,14,18,23 17:6,16,25 18:9,21 19:1 19:10,17 20:3,14,20,25 21:18,23 22:5,18 23:8 24:3,7,24 25:15 26:16 26:21 27:12 28:6,17,21 29:1,7,17 30:16 31:3 32:2,10,17 33:21 34:9 34:15 35:20 36:1,6 37:3 37:23 38:21 39:6,12,25 40:5,8,11,19,20,25 41:4 41:23 42:11,16 43:4,8 43:18,23 44:19 45:10 46:10 47:16,20 48:22 49:9,15,20,24 51:5,17 52:7 53:2,8,9,17,24 54:5 54:10,19,23,24 55:4,6 55:14,22 56:2,12 57:12 57:17,22 58:9,21 59:10 59:22 60:10,15,18,22 61:1,11,22 62:2,9,17 63:4,13,15,19 64:1,7 65:14,18 66:2,3,11,16 67:1,13,19 68:20 69:20 70:4,13,18,23 71:1,6,24 72:1,20,24,25 73:5,9,16 74:4 75:1,13 76:1,8,15 76:20,23 77:14,20 78:5 78:10,20 79:9,15,22 80:2 80:6,25 81:20 82:5,8,16 82:23 83:17,23 84:4,11 85:3,22 87:1,5 88:1,19 89:5,14,22 90:4,21,24 91:20 92:3 93:9,10,21 94:1,11,19,23,25 95:13 96:2,3,4,11,20,24 97:4 98:2,8,16,23 99:7,20 100:3 101:2,7,15,23 102:10,17 103:8,20 104:9 104:16,21 105:11,22 106:12 107:5,8,14,19 108:7,25 109:6,10,14,18 110:2,6,11,17,23 111:13 111:25 112:2,8 113:3,11 113:18 114:1,5,8,17,19	
<b>management</b> [7] 3:5,9 4:2,21 46:16 212:17 213:1	<b>mean</b> [30] 2:21 12:7 17:9 18:10 25:20 26:12 38:19 51:19 53:13 59:23 66:7 86:6 87:20 98:21 103:14 111:2 120:8 132:24 135:19 137:7 138:11 139:16,21 142:9 144:17 151:25 163:18 164:6 181:20 210:20	<b>minus</b> [2] 64:15 73:8	<b>multiple</b> [1] 173:19	<b>National</b> [2] 157:14 158:11
<b>management's</b> [3] 64:22 124:8,11	<b>mean</b> [30] 2:21 12:7 17:9 18:10 25:20 26:12 38:19 51:19 53:13 59:23 66:7 86:6 87:20 98:21 103:14 111:2 120:8 132:24 135:19 137:7 138:11 139:16,21 142:9 144:17 151:25 163:18 164:6 181:20 210:20	<b>minute</b> [1] 165:7	<b>multiple</b> [1] 173:19	<b>National</b> [2] 157:14 158:11
<b>manager</b> [1] 3:2	<b>mean</b> [30] 2:21 12:7 17:9 18:10 25:20 26:12 38:19 51:19 53:13 59:23 66:7 86:6 87:20 98:21 103:14 111:2 120:8 132:24 135:19 137:7 138:11 139:16,21 142:9 144:17 151:25 163:18 164:6 181:20 210:20	<b>minutes</b> [2] 154:17,20	<b>multiple</b> [1] 173:19	<b>National</b> [2] 157:14 158:11
<b>managers</b> [2] 2:22 3:18	<b>mean</b> [30] 2:21 12:7 17:9 18:10 25:20 26:12 38:19 51:19 53:13 59:23 66:7 86:6 87:20 98:21 103:14 111:2 120:8 132:24 135:19 137:7 138:11 139:16,21 142:9 144:17 151:25 163:18 164:6 181:20 210:20	<b>mirrored</b> [1] 182:18	<b>multiple</b> [1] 173:19	<b>National</b> [2] 157:14 158:11
<b>manner</b> [1] 100:22	<b>mean</b> [30] 2:21 12:7 17:9 18:10 25:20 26:12 38:19 51:19 53:13 59:23 66:7 86:6 87:20 98:21 103:14 111:2 120:8 132:24 135:19 137:7 138:11 139:16,21 142:9 144:17 151:25 163:18 164:6 181:20 210:20	<b>mistake</b> [1] 187:23	<b>multiple</b> [1] 173:19	<b>National</b> [2] 157:14 158:11
<b>March</b> [6] 74:14 81:5,14 81:17 90:19 135:8	<b>mean</b> [30] 2:21 12:7 17:9 18:10 25:20 26:12 38:19 51:19 53:13 59:23 66:7 86:6 87:20 98:21 103:14 111:2 120:8 132:24 135:19 137:7 138:11 139:16,21 142:9 144:17 151:25 163:18 164:6 181:20 210:20	<b>mistaken</b> [1] 24:14	<b>multiple</b> [1] 173:19	<b>National</b> [2] 157:14 158:11
<b>market</b> [41] 3:6 32:25 53:13,15 57:20 61:20 62:3,7 68:22,23 69:5,7,7 69:25 70:2,5,7 71:1,3 74:8 75:4 126:16 156:10 170:7 174:2,3 175:10 177:5 180:19,21,22,24 181:9 192:6,11 195:9,17 197:12 198:15 202:1,9	<b>mean</b> [30] 2:21 12:7 17:9 18:10 25:20 26:12 38:19 51:19 53:13 59:23 66:7 86:6 87:20 98:21 103:14 111:2 120:8 132:24 135:19 137:7 138:11 139:16,21 142:9 144:17 151:25			

<p><b>NEB's</b> [1] 158:15  <b>necessarily</b> [6] 39:21,22  46:20 146:2 175:3 195:4  <b>necessary</b> [2] 28:13  100:13  <b>necessity</b> [2] 78:1,8  <b>need</b> [5] 19:2 27:21 28:20  97:18 150:18  <b>negative</b> [5] 38:17 39:4  111:16,22 115:20  <b>negatives</b> [1] 53:5  <b>net</b> [3] 161:2 162:13,20  <b>never</b> [8] 5:25 28:12  43:16 83:24 120:3 122:11  153:9,10  <b>new</b> [8] 59:19 131:11,18  131:21 142:5,6 177:13  213:14  <b>Newfoundland</b> [299]  2:2,11,24 3:4,9,16 4:5  5:12,14,16,21,25 6:1,12  6:15 7:14 8:5,13,16 9:4  10:22,24 12:8 13:7,23  14:11,14,21 15:3 17:5,8  17:14,18,21 18:3 20:18  22:20 23:3,13,18,21 24:8  25:6,12 26:3,13 27:6,10  27:25 28:9,23 29:10,16  29:19 30:1,1,12,23 32:3  32:20 33:10,13,17 34:18  35:10,13 36:25 38:6,9  41:9 42:3 43:16,21,25  44:12,25 45:2,3,19,21  46:1,5,7,11,20 47:8,25  48:1,3,5,7,11,13,20 49:5  49:7,12,18 50:2,11,20  50:24 51:2 52:4,17,20  52:22 53:6,8 54:8,11,19  54:20,22 55:20 56:15,17  56:22 57:6 58:2,6,13,16  58:19,25 59:18 60:5  61:15,18,20,23 62:14  63:1,10 65:10,12 66:21  66:23 67:10,17,21,23,24  68:4,7,12 71:16 74:14  76:11 77:1,4,10,12,24  78:16,25 79:15 80:14  81:13 82:2,22,25 83:5  83:11,13,19,25 85:20  87:2,17 88:16 89:3,6  90:7,11 92:7 93:18 95:17  98:24 99:9,10,23 100:1  100:11,15,18,20 101:11  101:13,18,21 102:8  103:17,23 104:1,6,14,20  107:6 108:10,14,16  109:22,25 110:10,25  112:1,3,5,11,20 113:10  113:17 116:14,21,23  117:7 119:22,24,25 120:3  120:10 121:22 122:10  123:13 125:2 131:6 132:5  132:12 133:25 135:12,15  141:24 142:1 143:8,23  144:2,3 145:8,15 147:23  147:24 148:4 149:12  150:12,12 151:25 152:13  155:22 156:2 158:22  159:22 163:3,21 165:12  168:8 169:20 170:22</p>	<p>171:6,15,23 174:19  175:17,20,22,25 176:21  177:21 181:14 182:8,21  184:6 189:5 195:15 196:1  196:14 198:9,17,18  199:11 200:5,8 201:25  203:24 205:2 206:24  210:6 212:14,23 213:15  214:2,9,10,15 215:5,8  217:1 220:4,7  <b>next</b> [11] 5:6 115:23  140:14 158:10 165:25  170:25 171:11 178:22  185:11 204:13 207:6  <b>nine</b> [1] 114:18  <b>NL</b> [1] 220:10  <b>non</b> [1] 91:10  <b>non-regulated</b> [1] 109:9  <b>nonetheless</b> [1] 81:19  <b>normal</b> [6] 46:12 90:15  93:7 142:10,13 181:10  <b>normalization</b> [18]  111:25 112:2,3,9,16,19  112:22,25 113:8,15,21  114:11 115:9,15 116:3,8  116:15,19  <b>normally</b> [1] 70:7  <b>North</b> [2] 31:8,21  <b>note</b> [6] 21:8 58:23 59:12  127:25 165:4 169:3  <b>noted</b> [3] 59:11 64:17  65:22  <b>nothing</b> [8] 57:1 74:11  176:3 183:10 192:5,7,11  192:19  <b>notice</b> [3] 19:18 172:14  172:25  <b>November</b> [3] 70:12  202:23,24  <b>now</b> [34] 2:15 5:6 24:14  35:24 37:7 71:3 74:9  75:14 85:15 86:16 100:17  110:23 121:12 125:15  139:20 147:20 148:8  164:21 165:7 170:12  173:12 176:17 186:13  188:17 190:2 192:12,21  194:2,5 203:10 204:1  206:14 212:14 218:24  <b>NP</b> [1] 214:14  <b>number</b> [19] 12:7 15:10  18:23 54:13 76:25 80:9  92:20 104:23 109:17  114:10,15 126:9 128:20  132:6 139:18 140:10  159:17 195:13 203:14  <b>numbered</b> [1] 143:4  <b>numbers</b> [9] 93:16 124:1  124:3 138:25 139:2  159:10 169:7 192:4  194:24</p>	<p>126:22  <b>observation</b> [12] 27:13  30:18 43:24 50:17 52:1  74:1 81:21 96:12 107:9  173:9,10 206:2  <b>observations</b> [2] 205:12  210:9  <b>observe</b> [1] 51:18  <b>obtaining</b> [1] 74:17  <b>obvious</b> [8] 8:25 58:6,19  83:10 93:8 132:8,9 148:8  <b>obviously</b> [13] 30:11  45:7 65:8 103:3 105:3  107:11 138:1 142:20  185:7 189:25 199:19  204:17 205:4  <b>occur</b> [2] 197:18 198:20  <b>occurs</b> [1] 173:23  <b>October</b> [2] 72:10 135:8  <b>odd</b> [1] 49:5  <b>OEB</b> [1] 183:8  <b>off</b> [15] 4:22 21:21 23:6  23:19 26:10 59:24 87:22  95:15,19 123:19 134:1  167:8 212:1 218:19,19  <b>offer</b> [1] 40:24  <b>Officer</b> [1] 168:17  <b>offices</b> [1] 220:6  <b>offset</b> [2] 56:25 205:22  <b>offsets</b> [1] 51:12  <b>once</b> [6] 25:25 29:20,23  42:2 151:7 152:7  <b>one</b> [70] 12:9 16:2 17:22  22:7,14 23:1,9 24:15,19  25:1 28:7 34:22 39:14  43:11 44:3,8 53:14 55:25  70:9 71:15 79:4,23 80:5  81:6 83:24 85:5 87:17  89:12 90:16 104:23  106:23 107:20 109:15  115:22 120:18 124:10  128:8 129:6,6,22 130:5  132:2,4 133:4 136:20  138:7 141:24 148:20,25  150:7 163:6,9,18 164:10  169:9 175:10 178:18  181:16 182:12 183:4  185:8 188:6 192:17,25  204:13 205:6 206:14  209:4 210:4 212:25  <b>one-of</b> [1] 77:17  <b>ones</b> [1] 114:6  <b>ongoing</b> [1] 131:25  <b>Ontario</b> [1] 195:21  <b>onto</b> [1] 96:25  <b>onwards</b> [1] 214:5  <b>OPEB</b> [3] 127:14 133:5  169:3  <b>OPEBs</b> [23] 126:2,4,6  126:18,19,21 127:18  128:24 130:2,4,7,9,14  131:10,12,23 132:15,16  135:16 137:17,22 138:21  139:1  <b>opening</b> [4] 33:22 34:24  36:15 67:6</p>	<p><b>operate</b> [7] 67:22 68:7  84:16,18 93:25 127:13  146:3  <b>operated</b> [1] 178:25  <b>operates</b> [1] 201:4  <b>operating</b> [6] 46:17  50:12 64:11 93:19 95:19  169:12  <b>operation</b> [6] 35:11  156:21 179:17 181:21  191:9 194:15  <b>operational</b> [1] 18:11  <b>operations</b> [2] 64:19  84:13  <b>OPEVA</b> [1] 131:2  <b>OPEVDA</b> [5] 127:14  131:4 132:11 137:18  138:23  <b>opinion</b> [9] 29:8 30:13  33:24 35:1 98:21 140:19  140:24 142:24 151:10  <b>opinions</b> [4] 34:17 84:1  183:2,3  <b>opportunity</b> [19] 32:21  44:4,8,17 45:1 75:7 83:2  83:6,14 87:10 88:24,24  90:12 100:23 103:23  104:2,4 120:21 206:16  <b>opposed</b> [5] 84:22 95:11  105:1 165:20 180:5  <b>opposite</b> [2] 174:16  204:15  <b>option</b> [1] 212:16  <b>options</b> [4] 6:4,6 7:4  165:3  <b>Orange</b> [2] 142:5 143:13  <b>order</b> [20] 1:8,9 25:9,10  25:25 30:2,24 31:13  32:23 77:2,8 82:10,14  83:12 86:2 88:5 152:12  174:6 203:2 212:18  <b>ordered</b> [4] 30:19 32:24  85:9 159:4  <b>orders</b> [4] 29:24 44:21  90:9 206:5  <b>otherwise</b> [6] 25:8 28:15  74:21 84:1 98:13 100:18  <b>ought</b> [1] 23:19  <b>ounce</b> [1] 148:10  <b>ourselves</b> [4] 22:2 27:10  145:14 147:10  <b>outcome</b> [3] 88:5 149:16  152:7  <b>outlined</b> [1] 129:3  <b>outlines</b> [1] 114:9  <b>outlook</b> [1] 52:14  <b>outside</b> [5] 78:18 92:24  148:20,20 201:8  <b>overall</b> [6] 51:11,14,24  56:23 58:6,19  <b>own</b> [4] 68:12 98:20  106:17 182:21  <b>owned</b> [4] 33:6,15 35:16  97:10</p>	<p><b>-P-</b>  <b>p.m</b> [10] 124:17 136:3  145:4 157:2 166:1,7  183:18 200:15 209:20  219:1  <b>P.U</b> [1] 212:18  <b>P.U.12</b> [1] 77:5  <b>P.U.17</b> [1] 77:9  <b>P.U.30</b> [1] 77:2  <b>pace</b> [2] 97:17 98:25  <b>packages</b> [1] 123:24  <b>page</b> [43] 2:16,18 5:8  9:10,14,17 11:6 32:14  35:6,7 37:6 38:3 41:3  59:6 60:14,23 63:20  64:13 65:6 72:8 74:13  126:3,14,14 129:7,9,11  134:16,18 141:17 143:3  143:4 155:2,4,19 157:25  158:10 160:19,21 172:12  172:13,18,22  <b>paid</b> [7] 5:2,11,13 6:1,11  214:22 215:4  <b>paper</b> [3] 97:10 98:13  152:2  <b>paragraph</b> [5] 97:7,9  143:5 155:13,17  <b>parameters</b> [5] 106:6  159:20,21 195:3 198:19  <b>Pardon</b> [1] 47:19  <b>parent</b> [1] 64:12  <b>part</b> [33] 2:10 3:9 8:3  15:7,7,14 20:11 24:23  46:3 55:3 59:23 71:8,14  74:9 77:11 88:2,14,25  89:19 92:10 94:8,8 133:4  144:3 151:16 157:25  183:5 184:7 204:7 205:21  212:17 214:4 215:9  <b>partial</b> [2] 94:9 95:11  <b>particular</b> [28] 9:10,25  21:22 22:3 31:14 39:20  47:9 63:19 75:6,18 84:14  86:6 94:2 109:3 112:15  116:12 118:22 123:5,10  125:18 126:4 150:13  152:8 171:13 187:25  191:13 208:1 210:18  <b>particularly</b> [3] 126:3  155:20 208:5  <b>particulars</b> [1] 82:19  <b>parties</b> [1] 186:15  <b>parts</b> [1] 138:1  <b>partway</b> [1] 88:8  <b>pass</b> [1] 217:18  <b>passage</b> [1] 155:21  <b>past</b> [14] 38:16 39:3 46:9  80:11 95:4,11,12,16  99:12,18 119:12 161:4  206:4,5  <b>pay</b> [7] 59:24 62:3 91:25  136:10 138:4 211:18  214:20  <b>payer</b> [1] 20:11</p>
---	--	---	--	---

<p><b>payers</b> [5] 5:12,12,25 6:11 61:17</p> <p><b>paying</b> [3] 61:19,23 163:19</p> <p><b>pays</b> [2] 217:1,3</p> <p><b>peers</b> [9] 142:3,11,20 143:10,10 144:12,14,17 209:24</p> <p><b>pension</b> [26] 117:10,14 117:21 118:6,8,11,14,16 118:19 119:1,5 121:20 122:4,22,23 123:1,2,15 124:1,2,7,14 127:25 128:1 129:19 169:2</p> <p><b>people</b> [2] 70:2 213:11</p> <p><b>per</b> [1] 92:1</p> <p><b>perceived</b> [2] 148:1,17</p> <p><b>percent</b> [116] 2:23 3:4 3:19 4:6,8,9,11,13,15,16 4:17,24 12:14 13:11,12 13:18 14:4,20,21 16:4 18:16 22:25,25 25:22 27:24 28:3 29:10 31:14 33:2,8,12 35:10,14 36:23 48:14 51:11 56:25 59:12 59:15,15,16 61:6,6,7,19 62:21 63:23,23,24 64:6 65:23 66:1,14,21 67:4,4 70:17 72:11 73:15 115:22 119:9 120:17 125:23,24 126:16 129:22,22,22 130:5 135:7,9,10 138:12 143:19,25 144:1 149:3,6 150:1 157:18 158:14,16 158:23 159:4,5 162:17 162:20 177:14,16,23 179:7 185:7,9,10 188:6 188:15 189:2,7 191:16 192:23 195:23 196:6,8 208:4 210:8,12 211:6 216:12 217:2,14,16 218:1 218:2,4,7,11</p> <p><b>percentage</b> [12] 19:13 54:25 62:8 115:11,16,19 138:4,15 215:20 216:10 217:25 218:8</p> <p><b>percentile</b> [1] 5:23</p> <p><b>perfectly</b> [1] 81:8</p> <p><b>perform</b> [2] 39:16 55:25</p> <p><b>performance</b> [4] 38:11 38:23 156:5 212:5</p> <p><b>performed</b> [8] 38:16,19 39:2,11,15,19 120:3 122:12</p> <p><b>perhaps</b> [4] 128:13 154:15 160:9 213:9</p> <p><b>period</b> [27] 11:12 20:16 77:18 79:17 80:9,14,19 95:6 102:1 115:17,22 120:15 121:4 158:10 162:10 163:17,17 169:22 171:5 173:3,6 203:15 204:8,9,11 206:19,22</p> <p><b>periodically</b> [1] 75:4</p> <p><b>periods</b> [2] 92:18,18</p> <p><b>permeates</b> [1] 89:7</p> <p><b>permission</b> [2] 104:23 105:4</p>	<p><b>permit</b> [2] 45:12 107:25</p> <p><b>permits</b> [1] 4:25</p> <p><b>permitted</b> [3] 32:6 102:24 149:6</p> <p><b>Perry</b> [495] 1:12,18,24 2:1,4,9 3:1 5:15 6:18,20 6:24 7:3,12,14,18,23 8:8 8:15 9:1 10:7,12,18,21 11:2,14 12:3,18,25 13:11 13:16,25 14:8 15:11,17 15:22 16:10,14,18,23 17:6,25 18:9,21 19:1,10 19:17 20:3,15,20,25 21:18,23 22:5,18 23:8 24:3,7,24 25:15 26:16 26:21 27:12 28:6,17 29:1 29:7,17 30:16 31:3 32:3 32:10,17 33:21 34:9,15 35:20 36:1,6 37:3,23 38:21 39:6,12 40:5,19 40:25 41:4,23 42:11,16 43:4,8,18,23 44:19 45:10 46:10 47:16,20 48:22 49:9,15,20,24 51:5,17 52:7 53:2,8,9,17,24 54:5 54:10,23,24 55:6,14,22 56:12 57:12,17,22 58:9 58:21 59:10,22 60:10,15 60:18,22 61:1,11,22 62:2 62:9,17 63:4,15,19 64:1 64:7 65:14,18 66:2,3,11 66:16 67:1,13,19 68:20 69:20 70:4,13,18,23 71:2 71:6,25 72:1,20,24,25 73:5,9,16 74:4 75:1,13 76:1,8,15,20,23 77:14 77:20 78:10,20 79:9,15 79:22 80:2,6,25 81:20 82:5,8,16,23 83:17,23 84:4,11 85:3,22 87:1,5 88:1,19 89:5,14,22 90:4 90:21,24 91:20 92:3 93:9 93:10,21 94:1,11,19,24 94:25 95:13 96:3,11,20 98:2,8,16,23 99:7,20 100:3 101:2,7,15,23 102:10,17 103:8,20 104:9 104:16,21 105:11,22 106:12 107:5,8,14,19 108:7,25 109:6,10,14,18 110:2,6,11,17,23 111:13 112:1,2,8 113:3,11,18 114:1,5,17 115:1 116:6 116:17 117:3,6,11,23 118:3,9,17 119:7,15 120:7,7,12 121:9,12,15 121:19 122:6,21 123:4 123:16,25 124:21 125:4 125:12,17,22 126:6,10 127:2,12,21 128:10,18 128:25 129:9,10,14 130:3 130:13,17,23 131:1,3,14 132:1,9,22 133:7,14 134:5,13 135:11,22 136:4 137:25 139:3,7,23 140:22 141:6,10,16,18 142:7,12 142:17 144:10,20 145:6 145:11,24 146:11,21 147:7,12,17 148:8,14,24 149:25 150:5,25 151:5 151:11,15,21 152:3,15 152:18,23 153:4,16,22</p>	<p>154:18,19,22 156:6,11 156:19 157:7,20 158:18 158:24 159:8,19 160:1,6 160:13,16 161:8,20 162:3 162:23 163:4 164:9,22 165:1,4,9,13 166:10,12 166:13,21 167:3,10,17 168:4,9,23 169:13,24 170:9,20 171:20 172:3,9 172:19,24 173:24 174:11 175:15 176:6,14,25 177:8 177:15 178:2,9,15,19,24 179:8,19,23 180:8,13 181:19 183:1,23 184:8 184:13 185:4,15,22 186:3 186:10,18,20 187:1,13 188:7,11,18,23 189:6,21 190:20 191:7 192:2 194:13 195:8 196:5 197:15,24 198:24 200:3 200:13,25 201:17 202:4 202:15,20 203:9,21 204:5 204:23 206:1,11 207:16 207:24 208:8,15,24 209:10,21 211:13 212:9 212:19,20 213:2,13 214:17,24 215:3,12 216:4 216:14,19,24 217:13,21 218:3,14,14,15</p> <p><b>personal</b> [1] 98:20</p> <p><b>perspective</b> [12] 21:10 42:19 46:13 85:6 94:12 110:15 111:17 123:10 138:10 175:13 176:5 196:20</p> <p><b>persuaded</b> [1] 156:3</p> <p><b>pertains</b> [1] 67:24</p> <p><b>petition</b> [1] 102:23</p> <p><b>PEVDA</b> [15] 117:1,1,6 120:2,9,14 121:14 122:3 123:11,12,18 124:6,16 125:21 131:6</p> <p><b>Pharmaceutical</b> [1] 134:9</p> <p><b>phrased</b> [1] 201:23</p> <p><b>physician</b> [1] 133:12</p> <p><b>piece</b> [2] 1:19 134:8</p> <p><b>pieces</b> [1] 52:16</p> <p><b>pink</b> [1] 11:19</p> <p><b>place</b> [4] 5:7 81:16 146:2 206:8</p> <p><b>placed</b> [1] 68:25</p> <p><b>places</b> [1] 213:17</p> <p><b>plan</b> [23] 3:21 4:1,10,17 4:19 5:1 46:22 92:11 128:1 129:18,19 133:10 133:13 137:8 138:13,18 139:9,13 140:3 152:6 168:2 169:2,3</p> <p><b>planned</b> [2] 3:12 167:24</p> <p><b>planning</b> [3] 86:9 92:10 160:9</p> <p><b>plant</b> [3] 162:11,20 163:9</p> <p><b>plausible</b> [1] 199:4</p> <p><b>play</b> [1] 91:11</p> <p><b>played</b> [2] 113:8,15</p> <p><b>player</b> [2] 68:22,23</p>	<p><b>playing</b> [1] 105:18</p> <p><b>plus</b> [1] 143:16</p> <p><b>point</b> [50] 20:10 27:22 28:21 37:17 39:5 42:24 44:24 60:3 62:13 72:18 88:17 93:8,8,15 95:20 100:4 104:24 117:17 119:21 125:18,20 143:7 146:6,18 159:2,7 161:9 161:14 162:18,21 163:8 163:12,20,24 165:4 168:15 171:4 181:4 186:19 187:9,9,18 191:18 191:23,24 193:25 194:7 194:9 195:3 197:17</p> <p><b>pointed</b> [2] 122:9 162:9</p> <p><b>points</b> [32] 61:9 62:8 115:21 130:10 131:22 158:16 163:6 186:7 187:16 188:5 189:20 190:3,5,11,24 191:15,15 191:21 192:16 193:8,23 194:1 197:7,19,21,23 198:21 199:2 200:6,19 200:23 201:19</p> <p><b>poles</b> [1] 17:4</p> <p><b>policy</b> [3] 97:20 214:6 214:22</p> <p><b>Poors</b> [1] 64:15</p> <p><b>population</b> [4] 50:8 52:11 54:14,15</p> <p><b>position</b> [25] 28:20 35:24 36:2 40:16 88:6 92:8 100:12 154:12,13 168:8 169:19,21 170:14,17 171:9 176:22 181:14 184:4 190:25 196:6 198:9 205:7 206:16 207:2,9</p> <p><b>positive</b> [5] 109:25 110:10 112:14 115:20 128:4</p> <p><b>positives</b> [2] 53:7,8</p> <p><b>possible</b> [5] 148:16 182:22 196:13,19 197:16</p> <p><b>potentially</b> [1] 140:1</p> <p><b>power</b> [220] 2:2,24 3:16 5:12,14 6:15 7:14 8:5,13 8:16 9:4 12:8 13:8,23 14:11,14,21 17:5,8,14 17:19,21 18:3 20:18 23:13,18,22 24:8 25:12 26:3,13 27:6,11 28:1,9 28:23 29:11,16,19 30:1 30:1,12,23 32:21 33:10 33:14,17 34:18 35:10,13 36:25 38:10 41:9 42:3 43:16,25 44:13,25 45:2 45:19 46:7,11,16 47:9 47:25 48:1,5,7,11,21 49:5,12,18 50:2,11,13 50:14,21 51:2 52:4,20 52:22 53:6,8 54:8,11,19 54:21,22 55:20 56:15 57:6 58:2,13,16 59:18 60:5 61:23 62:14 63:1 63:10 65:10,12 67:10,17 67:21,23,25 68:4,7,12 74:15 77:1,4,10,25 78:16 78:25 79:15 80:14 81:13</p>	<p>82:2,22,25 83:5,11,14 83:19 85:20 87:2,17 88:17 89:3,7 90:7,11 92:8 93:18 95:17 98:24 99:9,24 100:1,11,15,19 100:20 101:11,13,18,21 103:17,23 104:1,6,20 107:6 108:14,16 110:10 110:25 112:1,3,11,20 113:10,17 116:14,21 117:7 119:22,24 120:1,3 120:10 121:22 122:10 123:13 131:6 132:5,12 135:12 141:24 142:4 143:13,23 145:8,15 150:12,12 152:13 155:22 156:2 158:22 159:22 165:12 171:6,16,23 174:19 175:18,20,25 177:22 182:8,21 184:6 189:5 196:1,14 198:17 198:18 200:8 203:24 205:2 210:6 212:15,23 217:1 220:4</p> <p><b>Power's</b> [78] 2:11 3:4,9 4:5 5:16,22,25 6:1,12 10:22,25 15:3 22:20 23:3 25:6 32:4 38:6 43:22 45:3,21 46:1,5,20 48:4 48:13 49:8 52:17 56:17 56:22 58:6,19 59:1 61:15 61:18,20 66:21,23 71:16 76:11 77:12 83:25 99:10 102:8 104:15 108:10 109:22,25 112:6,11 116:24 125:2 135:15 142:2 143:8 144:2,3 147:23,25 148:4 149:13 151:25 163:3,22 168:8 169:20 170:22 175:23 176:21 181:14 195:15 198:9 199:11 200:5 201:25 206:25 214:2 215:5,8</p> <p><b>practical</b> [1] 137:4</p> <p><b>practicality</b> [1] 136:25</p> <p><b>pre</b> [1] 180:24</p> <p><b>pre-working</b> [1] 143:18</p> <p><b>precedent</b> [1] 79:7</p> <p><b>precipitate</b> [2] 195:15 210:14</p> <p><b>precipitated</b> [2] 78:23 203:4</p> <p><b>precipitating</b> [1] 56:21</p> <p><b>precise</b> [2] 106:6 164:12</p> <p><b>precisely</b> [1] 34:2</p> <p><b>predict</b> [1] 84:20</p> <p><b>predictability</b> [2] 117:9 117:13</p> <p><b>predominantly</b> [1] 143:10</p> <p><b>prefer</b> [3] 95:10 99:3,6</p> <p><b>preference</b> [19] 63:24 66:15,17,22 67:10,16,21 67:22 68:11,19 69:1,7 69:11,22 70:1,3,5,8,16</p> <p><b>preferred</b> [3] 67:5,9 69:4</p>
---	--	--	--	--

<p><b>preliminary</b> [1] 1:4  <b>premature</b> [3] 137:8  138:10 173:11  <b>premium</b> [1] 72:18  <b>preparation</b> [2] 92:5  168:16  <b>prepare</b> [5] 2:10 34:8  84:22 91:3 99:11  <b>prepared</b> [6] 9:8 60:18  96:18 99:24,25 164:24  <b>preparing</b> [3] 8:7 17:24  167:7  <b>present</b> [1] 115:12  <b>presentation</b> [6] 12:21  151:24 152:1 153:3,14  153:15  <b>presentations</b> [2] 151:3  154:1  <b>presented</b> [3] 30:20,21  204:18  <b>presently</b> [1] 168:12  <b>preserve</b> [3] 25:10,19  28:13  <b>preserved</b> [2] 28:3 37:12  <b>preserving</b> [2] 26:2  37:25  <b>President</b> [1] 2:2  <b>presumably</b> [2] 135:19  139:18  <b>presume</b> [1] 139:20  <b>pretty</b> [9] 17:7 18:8 69:8  95:5 126:8 144:22 148:21  152:9 208:21  <b>prevalent</b> [1] 52:16  <b>prevented</b> [1] 104:1  <b>previous</b> [5] 74:23 75:21  95:19 201:2 206:3  <b>previously</b> [1] 120:10  <b>price</b> [11] 69:12 133:11  134:11,24 135:1,6,7,9  135:11,20 138:2  <b>pricing</b> [6] 69:10 74:21  74:24 75:5,6,11  <b>primarily</b> [1] 177:5  <b>primary</b> [2] 170:5 177:3  <b>principle</b> [7] 31:1 36:10  164:4 174:12,21 178:18  197:18  <b>principles</b> [4] 24:19  164:3,3,7  <b>printed</b> [1] 134:1  <b>printout</b> [1] 133:19  <b>privately</b> [1] 68:24  <b>privilege</b> [1] 169:6  <b>privy</b> [1] 18:11  <b>Pro</b> [1] 122:21  <b>probability</b> [2] 41:16  42:8  <b>problem</b> [4] 197:19  202:2,11 213:5  <b>problematic</b> [4] 55:24  95:2,7 200:14  <b>problems</b> [1] 84:25</p>	<p><b>proceed</b> [2] 198:1,4  <b>proceeding</b> [16] 50:16  51:23 79:15 87:11 88:4  131:25 161:9 168:1,22  171:10,11 172:8 183:10  194:21 203:25 210:22  <b>proceedings</b> [1] 171:2  <b>proceeds</b> [1] 72:12  <b>process</b> [6] 14:10 82:17  100:10 105:8 152:17  206:8  <b>produce</b> [5] 12:22 158:8  179:15 196:13 199:13  <b>produced</b> [4] 26:10  158:10 197:6 203:3  <b>producing</b> [2] 78:23  156:21  <b>product</b> [3] 73:20 81:1  134:25  <b>Products</b> [1] 134:1  <b>professional</b> [3] 56:7,9  57:3  <b>profile</b> [13] 14:23 22:20  22:22 56:24 59:1,4 64:18  69:9 109:19 110:1 112:6  113:2 116:20  <b>program</b> [10] 2:8 3:10  3:20 46:25 47:1 124:4  124:10,14,23 136:8  <b>project</b> [2] 120:21 138:11  <b>projected</b> [1] 37:11  <b>projecting</b> [2] 173:1  205:2  <b>prominent</b> [1] 160:25  <b>proof</b> [1] 137:5  <b>proper</b> [1] 24:2  <b>properly</b> [1] 177:4  <b>proportion</b> [1] 60:1  <b>proposal</b> [13] 13:18 15:1  15:18,19 19:24 25:23  85:24 144:21 145:2  169:25 190:6 197:3  206:18  <b>proposals</b> [7] 92:7,16  160:23 161:1,17 170:22  186:9  <b>propose</b> [1] 188:14  <b>proposed</b> [23] 2:24 4:5  10:22 11:23,23 12:6 19:5  19:22 80:8 170:22 171:9  175:4 181:24 182:19  183:9 186:6 191:1 196:2  196:25 204:9 207:11  208:5 218:6  <b>proposing</b> [2] 21:15  203:13  <b>proposition</b> [4] 11:22  21:20 23:7 25:7  <b>protection</b> [3] 112:2,4  116:15  <b>provide</b> [18] 8:4 20:4  85:18 90:11 98:21 115:8  122:11 136:13 140:23  141:4 151:24 152:1  153:25 174:22 175:18  184:6 213:18 215:19</p>	<p><b>provided</b> [11] 44:8 72:4  83:13 100:8 115:14  122:21 127:6 140:25  166:24 184:2,9  <b>provider</b> [1] 139:10  <b>provides</b> [3] 11:10 44:25  172:11  <b>providing</b> [4] 82:10  131:8 174:13 213:16  <b>province</b> [6] 30:11 50:9  52:12 100:9 134:3,10  <b>provinces</b> [1] 50:10  <b>prudent</b> [1] 105:17  <b>prudently</b> [1] 44:22  <b>PSE&amp;G</b> [1] 143:19  <b>PU</b> [1] 1:8  <b>PU-43</b> [3] 32:23 155:2,3  <b>PUB</b> [1] 214:14  <b>PUB's</b> [1] 17:22  <b>public</b> [7] 97:14,20 100:9  101:19 142:6 143:14  220:7  <b>pull</b> [1] 8:2  <b>pure</b> [1] 191:10  <b>purely</b> [1] 94:17  <b>purposes</b> [10] 3:13,24  4:4,21,24 72:16 98:6  107:18 108:6,9  <b>put</b> [22] 12:6 15:1,1 22:18  43:13 85:24 98:23 102:16  103:5 106:5 123:9 128:11  129:25 131:12 138:12  139:16 159:16 160:16  181:4,7 198:3 206:8  <b>puts</b> [4] 15:15 55:11 86:3  144:22  <b>putting</b> [5] 11:22 20:24  92:17 99:18 160:15</p>	<p><b>qualify</b> [1] 43:9  <b>quality</b> [1] 97:23  <b>quantification</b> [1]  140:20  <b>quantify</b> [3] 119:23,24  141:2  <b>Quebec</b> [1] 195:21  <b>questioning</b> [2] 165:6  212:12  <b>questions</b> [8] 1:21 2:1  106:1 108:16 165:1 207:7  218:13,18  <b>quick</b> [1] 165:24  <b>quicker</b> [1] 107:25  <b>quickly</b> [2] 108:6,9  <b>quite</b> [11] 7:15 18:18  102:13 112:19 114:15  142:1 172:18 193:13  195:10 196:19 197:16</p>	<p>220:4  <b>rated</b> [4] 72:23 73:3  143:9,10  <b>rates</b> [66] 53:22 74:3,5  81:3,14,16 82:2,3,14  83:3 87:11,14,22 88:23  89:25 90:10,18 91:17  92:1 93:3 100:7,16,19  100:22 101:1,20,24,25  102:3,5,9,13 103:5,7,11  103:16,21 118:21,24  120:16,18,21,25 125:16  130:6 149:24 156:2,8,9  161:12 171:17 173:21  177:7 194:2 201:10 202:1  202:9 203:25 205:9  207:11,12 208:3,23 214:2  214:3 217:16  <b>rather</b> [2] 56:10 180:7  <b>rating</b> [28] 14:25 22:9  53:14 64:16 68:3 104:14  110:5,7,12 111:7 147:21  147:23,25 151:4 152:9  152:16 153:7 207:22  209:1,25 210:4,11 211:5  211:14,19 212:3,6,7  <b>ratings</b> [7] 14:24 64:14  64:17 141:15 146:22  207:15 211:21  <b>ratio</b> [9] 48:14,17,25 49:7  51:11 63:2,6 64:5 65:25  <b>rationale</b> [3] 87:4,6,24  <b>ratios</b> [1] 143:8  <b>RCF</b> [1] 148:7  <b>read</b> [5] 76:9 98:19 103:1  119:21 148:9  <b>reading</b> [1] 214:4  <b>readjust</b> [1] 171:16  <b>ready</b> [1] 83:12  <b>real</b> [2] 124:25 199:10  <b>reality</b> [1] 62:20  <b>really</b> [14] 23:2,19 27:22  89:2,9 99:8 106:3,4  120:8 129:21 137:10  178:7 187:10 198:6  <b>reapplying</b> [1] 172:7  <b>reason</b> [7] 20:11 33:18  34:13 170:6 177:3 206:12  211:8  <b>reasonable</b> [26] 13:7  29:25 32:21,22 37:17,22  41:22 44:4,17 45:1 47:13  47:15 62:10 64:24 83:1  87:10 88:24 100:24  103:24 104:1 120:22  154:25 156:14 158:22  192:7 195:11  <b>reasonableness</b> [1]  31:12  <b>reasons</b> [8] 40:11 82:10  82:11,13 83:3 155:15  162:8 178:18  <b>rebalanced</b> [1] 71:10  <b>rebase</b> [1] 91:10  <b>rebasing</b> [1] 92:13  <b>rebuild</b> [1] 97:18</p>
--	--	--	--	--

**-R-**

**raise** [1] 73:12  
**raised** [1] 73:14  
**range** [44] 8:17 9:4 10:2  
10:3,5,15,17 14:16 19:23  
20:4 39:18 44:1 47:10  
47:14 129:21 140:10  
143:17,21,24 144:1,13  
145:1,10,17,18 146:2,7  
148:20,21 200:21 201:6  
201:8,12 207:13,14,20  
207:21 208:21,22 209:15  
209:18,19 211:1,4  
**ranged** [1] 80:11  
**ranges** [2] 20:7 210:3  
**rankings** [1] 57:8  
**rape** [1] 41:20  
**rapidly** [2] 60:6,8  
**rare** [1] 78:4

**rate** [124] 4:3,23 5:11,12  
5:17,25 6:10 9:24 10:1,6  
10:25 11:12,20 12:17  
13:2,4,4,9 20:11 21:3,11  
28:24 33:5,14 38:7,11  
50:19 54:1 56:14 60:11  
61:17 73:19 76:24 78:2  
80:15 85:9 87:3 92:11  
97:12 100:24 102:23,25  
108:11 115:10,15 118:1  
119:6 120:13 125:9  
126:15,17,25 127:11  
128:15,16 129:17,18,23  
131:7,9 132:13,14,16  
136:11,14,16,22 137:2,9  
137:13 138:8 140:11  
144:19 145:20 147:3  
148:10 150:2 152:8,8  
154:23 156:9 161:9  
162:11,17,20 163:22,23  
169:1,5 170:24 171:1,2  
171:11,18 172:8 173:17  
174:9,18 177:12 188:2  
191:25 193:19 194:21  
197:9 198:11,13,22 199:4  
200:9 201:3,3,7,8,12  
203:18,25 206:5,10  
210:22 213:22 217:8,20

**-Q-**

**Q.C** [113] 1:14,18 2:6,14  
5:5 6:17 7:7 76:18  
105:25 142:25 154:3,9  
166:10,11,15,23 167:5  
167:13,19 168:6,11 169:8  
169:15 170:1,11 171:12  
171:24 172:5,17,21  
173:15 174:1 175:6 176:2  
176:11,16 177:2,10,17  
178:4,13,17,21 179:3,13  
179:21,25 180:11 181:11  
182:20 183:19 184:1,10  
184:15 185:6,17,24 186:5  
186:12,22 187:3,17 188:9  
188:13,20,25 189:8,23  
190:22 191:19 193:16  
195:6,19 197:2,20 198:7  
199:16 200:10,16 201:14  
201:20 202:6,17 203:7  
203:11,23 204:21 205:16  
206:6 207:5,18 208:2,13  
208:17 209:6,12 211:9  
212:4,11,22 213:7 214:12  
214:19 215:1,7,14 216:6  
216:16,21 217:7,17,23  
218:12  
**qualified** [1] 52:9

<b>rebuilding</b> [1] 99:1	<b>refinance</b> [2] 59:25 75:8	<b>reluctant</b> [1] 93:13	181:23 182:22 183:12,21	215:10 216:10 218:6,7,8
<b>recalled</b> [1] 111:5	<b>refinancing</b> [2] 59:21	<b>remain</b> [4] 171:15	184:4 190:25 197:3	<b>revenue</b> [1] 215:20
<b>recalling</b> [1] 33:22	75:2	190:17 192:9 195:13	200:17 206:18 207:15	<b>revenues</b> [7] 88:22 89:11
<b>received</b> [3] 131:18	<b>reflect</b> [9] 3:22 4:7,14	<b>remaining</b> [1] 217:3	208:22 211:17 212:24	89:18 91:18 173:5,18
140:18 203:1	64:17 90:1 119:20 144:3	<b>remains</b> [1] 200:11	213:9 214:6,7	218:5
<b>recent</b> [1] 154:1	185:13 190:15	<b>remember</b> [1] 144:18	<b>response</b> [15] 8:7,9	<b>review</b> [4] 175:19 176:19
<b>recently</b> [1] 134:2	<b>reflected</b> [7] 3:14 91:25	<b>remind</b> [1] 147:10	17:24 18:1 24:2 38:22	184:3 213:22
<b>RECESS</b> [1] 166:6	93:3 135:17 137:16,17	<b>reminding</b> [1] 145:14	48:10 69:2 108:15 135:23	<b>reviewed</b> [2] 9:9 104:25
<b>recognizes</b> [1] 3:23	138:21	<b>remote</b> [2] 213:17,20	136:5 140:24 162:5,22	<b>reviewing</b> [1] 186:24
<b>recognizing</b> [2] 171:1,4	<b>reflection</b> [2] 21:9	<b>remove</b> [1] 124:13	163:5	<b>revision</b> [1] 147:22
<b>recollection</b> [2] 82:8	183:15	<b>removed</b> [4] 75:25 76:3	<b>responsibility</b> [2] 2:3	<b>revolving</b> [1] 74:16
119:17	<b>reflective</b> [3] 73:22 74:6	76:4,12	2:10	<b>RFI</b> [10] 43:14 123:5
<b>recommendation</b> [2]	80:13	<b>rendered</b> [1] 164:5	<b>rest</b> [2] 52:14 85:10	136:6 139:8 162:4,9
197:5,11	<b>reflects</b> [2] 4:19 74:20	<b>renegotiated</b> [1] 74:15	<b>result</b> [13] 12:16,22,23	163:5 168:1 172:11
<b>recommendations</b> [1]	<b>regard</b> [7] 8:2 44:18	<b>repay</b> [1] 72:13	22:4 33:3 85:1 137:12	214:13
185:8	141:5 159:2,6 190:7	<b>repeat</b> [4] 67:14 101:16	150:6 177:5,25 179:16	<b>right</b> [56] 9:6 10:6 13:14
<b>recommended</b> [5] 15:9	202:1	113:12 202:5	185:20 188:4	38:4 42:10 43:7,17 51:19
101:5 157:13 181:15	<b>regarded</b> [1] 96:7	<b>replaced</b> [1] 66:21	<b>results</b> [5] 39:9 99:13	57:5 60:5 61:10,21 62:8
186:8	<b>Regarding</b> [3] 107:5	<b>reply</b> [4] 17:21 43:14	137:14 144:2 158:11	63:16 75:4,20 77:13,24
<b>reconvene</b> [1] 86:20	111:25 117:1	48:13 135:17	<b>resume</b> [3] 86:22 166:7	102:2 114:4 116:5 117:22
<b>record</b> [8] 8:11 96:25	<b>regardless</b> [1] 138:3	<b>report</b> [18] 9:7,8 11:7	180:24	118:2 119:6 121:13,18
106:13 119:20 127:25	<b>regards</b> [1] 28:22	97:25 98:10,15,18 129:2	<b>retirees</b> [1] 133:6	123:15,18,24 125:1,11
183:3 184:5,7	<b>Regie</b> [1] 157:16	129:4,16 141:4 148:15	<b>retirement</b> [6] 123:24	129:7 134:12 139:21
<b>records</b> [2] 81:8 87:16	<b>regulated</b> [21] 3:14,17	158:1 211:23 212:16,17	124:3,9,14,22 162:13	142:9 144:9,19 150:6
<b>recover</b> [11] 41:7,13,25	4:7 13:15 17:10,11 18:6	212:25 217:4	<b>retirements</b> [1] 123:22	154:15 162:24 172:18,22
44:22 83:1,2,6 86:7	41:8 48:15,16 51:3 64:21	<b>reported</b> [1] 143:20	<b>return</b> [165] 2:23 3:3,10	173:12 175:17,19 176:15
90:12 204:2 215:10	65:2 84:16 85:1 121:22	<b>reporting</b> [1] 212:14	3:15,17,21,22,23,25 4:2	177:16 178:16,20 187:18
<b>recovered</b> [3] 203:19	149:2,5 201:3 210:7	<b>reports</b> [3] 158:7 212:25	4:5,8,9,13,15,20,23 7:17	195:14 196:18 203:10
205:23,24	211:6	213:6	8:17 9:4,24 10:1,6,23,25	206:14 212:14 215:8
<b>recoveries</b> [1] 45:9	<b>regulation</b> [6] 17:13	<b>reputable</b> [1] 98:18	10:25 11:11,19,21 12:14	<b>rising</b> [6] 97:15 117:21
<b>recovering</b> [2] 41:19	111:6 134:6,8,23 140:21	<b>request</b> [8] 12:13 13:11	12:16,17 13:4,4,7,8 14:4	118:7,15 119:4 217:6
83:20	<b>regulations</b> [1] 136:7	14:4,6 20:12 48:10 79:19	14:14,16 21:18,21 22:7	<b>risk</b> [94] 24:21 27:8,14
<b>recovery</b> [10] 45:12 77:3	<b>regulatory</b> [39] 3:24	167:24	22:11,12,15,20 23:10	27:15 41:5,9,16,18 42:1
77:7,9 79:16 85:23 92:18	4:21 41:11 44:21,24	<b>requested</b> [2] 120:4	24:15,20,20,23 25:2,9	42:10,14,15,18,21 43:22
105:17 203:15,18	45:11 46:2 58:11 80:10	122:13	25:18,21,22 26:9,23,24	44:12 45:6,13,19,22
<b>reduce</b> [7] 120:9 136:8	84:2,7,9,10 85:2,19,25	<b>required</b> [3] 100:25	27:2,6,15,16,19,25 28:8	46:13,14,14,15 48:4,6
137:9,15,21 138:20 190:8	89:1 102:21 106:15	139:22 204:3	29:10,12,15,18,25 30:4	48:12,18 49:1,1,8,13,14
<b>reduced</b> [5] 125:16	110:22,25 111:9,20,23	<b>requirement</b> [23] 5:2	30:9,14,19,23 31:2,11	49:19,23 50:1,3,5,6,18
148:19 187:16 196:10	148:2,18 150:19,21 156:1	25:2 61:19 81:23 83:7	31:16,18,22 32:6,22 33:5	50:21,25 51:1,3,11,12
197:14	156:23,25 174:22 202:2	89:16,19 91:2 131:13	33:9,13,25 34:18,24 35:9	51:13,21,24 52:5,18
<b>reduces</b> [5] 45:12 137:16	202:10,25 210:15 212:13	132:19 161:7,24 162:6	35:14,15 36:9 37:12,15	53:22 54:3 55:4,19 56:1
188:16 191:16 198:16	212:23 213:4	163:15,15 166:25 204:2	39:17,22 41:8,14,25	56:15,17,18,23 58:3,5,6
<b>reducing</b> [5] 113:9,16	<b>reimburses</b> [1] 133:10	205:1,4,20 215:10 216:9	42:21 44:1,5,7,9,10 45:2	58:7,8,10,13,17,18,19
140:14 161:23 190:15	<b>relate</b> [3] 2:12 191:5	216:11	45:22 46:6 47:3,11,14	63:6,9 64:18 65:12
<b>reduction</b> [16] 45:19	212:12	<b>requirements</b> [7] 22:7	47:21 78:23 83:14 85:9	108:20 110:1,10 112:6
137:12 148:1,17 150:19	<b>related</b> [3] 24:25 126:18	22:14 23:10 24:15 90:7	85:16 88:25 100:24	113:1 116:15 117:8
150:20 185:11 186:1	136:18	135:18 212:17	103:24 104:2,4 108:18	119:25 120:10 121:2,3,7
187:11 189:4,13 190:10	<b>relates</b> [3] 3:10 46:17	<b>requires</b> [1] 26:7	115:11,17,19 118:22,24	121:13,20 122:3 125:1,5
192:19 193:22 194:9,10	187:7	<b>reserve</b> [9] 17:13 45:17	119:9 128:3,3 129:18	125:5 129:5 211:15
<b>reevaluate</b> [1] 211:8	<b>relation</b> [4] 50:24 111:18	91:6 112:22,25 113:8,15	138:22 140:11 149:2,6	<b>risks</b> [3] 51:16 52:23
<b>reevaluation</b> [1] 210:14	134:4 149:7	113:21 114:11	150:2 156:8 158:22	105:10
<b>refer</b> [1] 41:3	<b>relationship</b> [10] 140:2	<b>reserves</b> [3] 112:19	163:23 165:5 170:18	<b>road</b> [1] 179:5
<b>reference</b> [8] 9:14 18:15	182:4,16 183:13 191:10	114:13 116:19	171:17 173:19 174:4,10	<b>Rockland</b> [2] 142:5
32:2,8 48:2 53:5 186:16	193:11 196:8,11,21,22	<b>reserving</b> [1] 154:13	174:18 178:10,11 182:7	143:14
187:20	<b>relative</b> [17] 3:6 12:23	<b>residential</b> [1] 109:23	182:12 184:24 196:14,24	<b>ROE</b> [37] 8:4,4,14,23,24
<b>referenced</b> [1] 104:13	45:14,15 50:11 51:19,20	<b>resource</b> [1] 2:3	198:11 201:3,5,7,8,12	11:23 13:22 22:3,4 35:3
<b>referred</b> [5] 40:23	57:7 58:3 62:6 74:2	<b>respect</b> [47] 1:22 14:22	203:3 206:17 210:7,13	41:18 42:9 43:2,17 46:8
106:17 122:10 169:1	111:19 113:4,19,22	17:17 29:8,21 34:23	211:6	62:15 141:24 144:4
215:16	116:18 121:20	46:15 58:25 60:1 68:3	<b>returns</b> [10] 3:8 17:18	154:24 156:16 157:13
<b>referring</b> [5] 16:17	<b>relatively</b> [6] 59:16,18	69:11 78:22 79:23 84:15	31:9 33:15 35:16 38:7	158:14 170:18 175:7
44:18 97:7 126:3 162:1	68:21 134:2 176:23 178:5	84:17 86:4 99:11 105:16	155:1 156:22 169:6	177:13 179:14 185:19
<b>refers</b> [1] 213:16	<b>relay</b> [1] 210:10	120:25 130:4 135:24	210:17	186:1,8 189:4 194:10
<b>refile</b> [1] 132:25	<b>relevant</b> [4] 17:1 57:16	141:15 154:12 164:12	<b>revenue</b> [38] 5:1 61:18	197:13 198:16,21 199:24
<b>refiling</b> [1] 133:2	57:18 98:4	166:18 169:1 173:2	79:17 80:20,21,22 81:23	200:5,23
	<b>relief</b> [5] 102:23,25	177:11,21,23 180:14	83:7,16 89:16,18 90:7	<b>ROE's</b> [1] 9:3
	103:19 147:3 148:10		91:2 92:8 110:13 112:11	<b>ROEs</b> [2] 20:23 156:14
			131:12 132:19 161:6,24	<b>role</b> [2] 113:9,16
			162:6 163:14,15 172:2	<b>room</b> [1] 201:22
			172:16 173:1 204:2,14	
			205:1,3,20 207:2 213:19	

<b>rose</b> [1] 183:11	139:20 140:1 168:15	<b>shoulder</b> [1] 31:10	<b>sole</b> [1] 79:5	<b>started</b> [1] 211:11
<b>roughly</b> [4] 71:18 138:14 194:10 217:25	214:8	<b>show</b> [1] 173:14	<b>solely</b> [2] 45:21 95:20	<b>starting</b> [3] 39:23 87:12 141:21
<b>rule</b> [1] 104:23	<b>seek</b> [3] 35:11 103:15 104:7	<b>showed</b> [1] 188:22	<b>Solicitor</b> [1] 1:5	<b>starts</b> [1] 32:14
<b>run</b> [4] 24:13 41:17,18 42:8	<b>seeking</b> [1] 103:19	<b>showing</b> [8] 59:7,8 64:8 66:12 115:14 155:23 211:3 215:20	<b>solidified</b> [1] 131:22	<b>state</b> [8] 57:7 92:4 119:8 142:3 143:7 144:6 161:17 162:1
<b>runnings</b> [1] 18:12	<b>seem</b> [3] 89:5 194:11 211:16	<b>shown</b> [3] 59:12 63:21 65:22	<b>someone</b> [1] 110:3	<b>statement</b> [6] 7:19 31:18 34:7,23 35:18 137:23
<b>rural</b> [11] 213:9,10,12 213:12,14,22 215:22 216:7,18 217:5,10	<b>segment</b> [2] 55:4,12	<b>shows</b> [4] 9:25 115:18 147:15 182:14	<b>sometime</b> [1] 76:10	<b>states</b> [13] 17:21 41:5 48:3 78:4 97:22 102:20 102:22 114:4,7,12 134:24 134:24 136:6
<hr/> <b>-S-</b> <hr/>				
<b>S&amp;P</b> [1] 73:8	<b>sense</b> [2] 198:5,5	<b>sic</b> [2] 120:6 217:9	<b>somewhat</b> [5] 19:18 71:10 105:18 142:2 143:9	<b>stating</b> [2] 33:19 98:13
<b>safe</b> [1] 105:20	<b>sensitive</b> [1] 165:21	<b>side</b> [3] 47:6 110:18 210:4	<b>somewhere</b> [1] 127:6	<b>status</b> [1] 175:1
<b>sailed</b> [1] 214:6	<b>sensitivities</b> [2] 129:2 129:16	<b>sides</b> [2] 29:22 110:19	<b>soon</b> [1] 168:14	<b>stay</b> [3] 126:8 170:24 192:24
<b>sake</b> [1] 22:19	<b>sent</b> [1] 48:8	<b>signal</b> [3] 182:7 192:18 193:2	<b>sort</b> [5] 29:14 84:25 103:25 108:2 128:7	<b>step</b> [5] 23:1 40:6 112:21 199:12,14
<b>salaries</b> [1] 3:5	<b>separately</b> [1] 152:16	<b>signalling</b> [4] 174:18,20 178:10 182:15	<b>sorts</b> [1] 22:23	<b>STI</b> [13] 3:12,13,20,21 4:1,6,10,14,17,19,25 5:3 5:20
<b>salary</b> [1] 5:20	<b>separation</b> [1] 64:20	<b>significance</b> [1] 209:16	<b>sought</b> [4] 78:7 79:3,21 105:15	<b>stick</b> [1] 171:10
<b>sales</b> [6] 47:7 95:17,18 97:15 116:20,24	<b>September</b> [4] 87:13 135:5 139:4 166:19	<b>significant</b> [13] 45:6 47:4 56:18 69:9 84:9 113:9,15 116:2,4 152:9 168:18 169:11 204:14	<b>sound</b> [2] 61:10 220:9	<b>still</b> [25] 46:13 47:13 54:15 83:18 86:24 87:20 92:21 93:14,15 97:21 121:6 125:24 134:19 140:1 145:23 147:2 153:21 182:2 189:25 196:12 205:18 207:2,20 208:21 209:17
<b>salvage</b> [1] 162:13	<b>serious</b> [1] 149:11	<b>significantly</b> [4] 20:23 34:19 35:15 71:19	<b>sounds</b> [2] 62:10 70:19	<b>stimulate</b> [2] 107:24 108:1
<b>satisfied</b> [1] 27:24	<b>serve</b> [1] 97:14	<b>similar</b> [8] 17:11 19:19 22:21 27:14 74:22 75:21 116:20 130:16	<b>source</b> [2] 50:13,13	<b>stimulated</b> [1] 97:18
<b>satisfying</b> [1] 183:12	<b>service</b> [11] 17:13 18:7 54:15 139:10 142:6 143:14 164:5 212:15 214:20 215:17,18	<b>Similarly</b> [1] 154:16	<b>span</b> [1] 171:3	<b>stimulus</b> [1] 108:2
<b>save</b> [1] 115:25	<b>Services</b> [1] 133:20	<b>simple</b> [1] 95:5	<b>speak</b> [5] 1:19 39:14 159:15 166:16 213:8	<b>stock</b> [2] 6:6 7:4
<b>saved</b> [1] 160:19	<b>set</b> [22] 3:4 10:2 14:21 21:9 44:3 81:3 82:1 87:2 93:1 101:25 105:14 134:22 135:1 150:9 156:2 177:13 188:3 189:16 192:1 194:2 198:21 200:6	<b>simplistic</b> [1] 31:19	<b>speaking</b> [2] 40:13 123:17	<b>straight</b> [1] 66:9
<b>savings</b> [1] 75:16	<b>set-up</b> [3] 44:16 46:1 84:10	<b>simplistically</b> [2] 17:7 31:7	<b>specific</b> [4] 103:24 163:17 180:18 211:22	<b>strategic</b> [1] 204:12
<b>saw</b> [3] 91:23 120:17 190:2	<b>sets</b> [7] 44:23 64:14 65:6 126:4 158:3,4 174:5	<b>simply</b> [12] 14:24 15:23 29:20 40:20 45:18,21 57:1 88:3 120:16 132:2 137:3 154:13	<b>specifically</b> [2] 48:9 124:6	<b>Street</b> [1] 72:17
<b>says</b> [12] 32:15 38:14 39:2 41:15 64:17 126:14 135:4 148:15 150:23,24 151:1 162:22	<b>setting</b> [2] 115:8 194:7	<b>single</b> [11] 46:6 50:13 90:9,25 91:9 92:5,6,14 92:15,21 93:5	<b>spend</b> [1] 105:4	<b>stresses</b> [1] 97:13
<b>scenario</b> [1] 58:20	<b>settling</b> [1] 33:1	<b>sister</b> [1] 143:12	<b>spending</b> [2] 104:22 105:5	<b>stretch</b> [1] 87:14
<b>scheme</b> [2] 104:19 105:21	<b>seven</b> [3] 62:21 88:11 204:20	<b>sit</b> [2] 55:18 152:15	<b>spent</b> [1] 194:14	<b>structure</b> [4] 2:7 44:14 63:20 66:23
<b>Scotia</b> [3] 60:19 61:5 158:6	<b>several</b> [3] 11:1 92:12 140:14	<b>sitting</b> [1] 78:15	<b>spoken</b> [2] 20:10 109:24	<b>structured</b> [2] 44:6 88:23
<b>screen</b> [1] 155:10	<b>shall</b> [3] 13:3 86:20 134:25	<b>situation</b> [15] 25:20 86:4 93:4 97:21 103:18 104:3 149:4 189:10 191:14 193:6 199:5,9 201:1 202:7 210:12	<b>sponsoring</b> [3] 32:2 34:4 35:19	<b>structuring</b> [1] 92:7
<b>scroll</b> [2] 9:22 215:15	<b>share</b> [9] 65:5 67:9 69:2 69:4,7,11 70:5,8 110:1	<b>situations</b> [1] 102:25	<b>spread</b> [15] 73:22,23 157:18 158:5,5,7 159:14 185:13,19,21 188:22 190:13 191:2 193:25 195:24	<b>struggled</b> [1] 181:21
<b>se</b> [1] 92:1	<b>shareholder</b> [2] 5:4 6:13	<b>six</b> [5] 85:11,15 134:16 134:17,18	<b>spreads</b> [5] 10:24 11:24 12:16 71:17,17	<b>study</b> [3] 184:3 215:17 215:18
<b>second</b> [5] 143:4 147:11 155:3 175:9 192:20	<b>shareholder's</b> [1] 41:20	<b>sizable</b> [3] 70:2 119:13 119:13	<b>square</b> [2] 144:22 145:2	<b>sub</b> [1] 73:15
<b>secondly</b> [1] 44:5	<b>shares</b> [19] 6:4,23 63:24 63:25 66:15,18,22,22 67:5,11,16,21,22 68:11 68:19 69:22 70:1,3,16	<b>size</b> [2] 50:11 52:20	<b>squared</b> [1] 81:8	<b>subject</b> [8] 70:22 73:6 73:10 105:8 120:11 128:13 167:12 202:25
<b>section</b> [10] 9:24 32:15 32:20 34:5,6,8 100:8,25 101:19 129:5	<b>shed</b> [1] 120:6	<b>slides</b> [2] 153:18,21	<b>St</b> [4] 152:21,24 220:7,10	<b>subjective</b> [1] 56:11
<b>sector</b> [1] 109:3	<b>ship</b> [1] 214:5	<b>slight</b> [1] 19:19	<b>stabilization</b> [2] 115:10 115:16	<b>submission</b> [1] 32:4
<b>sectors</b> [2] 54:20 55:18	<b>short</b> [11] 3:12 41:17 42:8,15 60:2 75:3,17 161:18,19 162:2 163:2	<b>slightly</b> [2] 37:10 90:5	<b>stable</b> [3] 65:1 110:13,16	<b>subsequent</b> [1] 72:9
<b>securities</b> [1] 66:9	<b>shortfall</b> [18] 79:18 80:8 80:20,21,22 92:8 172:2 172:16 173:1 204:14,20 204:25 205:3,7,9 206:13 207:2 214:21	<b>slope</b> [1] 146:4	<b>staff</b> [4] 17:22 108:15 152:5 165:23	<b>subsidiaries</b> [3] 64:12 64:21 66:8
<b>see</b> [53] 11:8,15 19:5,11 19:12 20:5 21:6 24:12 29:19 31:8 32:9 33:16 33:19 34:6 42:4 56:19 56:21 60:7,21 69:4 71:12 73:17 83:24 89:2 90:5 99:9 111:21 115:22 116:1 126:6,9 129:19 130:12 140:12 147:2 149:20,20 150:18 155:19 158:13,17 174:14 176:7 187:20,25 189:24 190:9 193:21,22 195:18 203:8 212:23 215:15	<b>shortfalls</b> [2] 173:22 214:7	<b>slow</b> [3] 59:16,18 192:3	<b>stand-alone</b> [4] 67:23 68:7 76:25 79:14	<b>subsidy</b> [12] 213:9,12,23 214:1,21 215:22 216:8,9 216:18,23,25 217:10
<b>seeing</b> [6] 60:8 83:18		<b>slowly</b> [1] 59:14	<b>standard</b> [4] 28:8 64:15 157:17 158:11	<b>substantial</b> [3] 70:8 113:4 213:21
		<b>small</b> [6] 51:8 56:24 68:22 69:3 70:6 164:22	<b>standards</b> [1] 28:7	<b>substantially</b> [8] 74:22
		<b>Smith</b> [1] 6:7	<b>start</b> [4] 1:4 139:25 140:12 191:5	
		<b>smooths</b> [1] 112:10		

75:20 117:14 120:24 140:25 183:9 193:1 213:16	<b>table</b> [13] 12:1 29:13 59:7 115:8,13 122:21 126:4 130:2 135:2 139:2 181:5 215:19,25	<b>there'd</b> [2] 12:12 132:11	<b>Toronto</b> [1] 152:25	<b>type</b> [6] 66:17 94:10 98:2 108:2 109:13,17
<b>substitution</b> [1] 133:12	<b>taking</b> [2] 157:10 161:10	<b>therefore</b> [4] 59:20 100:16 128:4 185:25	<b>total</b> [8] 5:13,18,22 6:11 58:10 115:18 205:6 216:25	<b>types</b> [1] 45:6
<b>such</b> [20] 13:1 14:23 17:14 41:9 42:2 56:1 78:17 88:23 102:25 105:14 143:11 148:4 164:3 169:12 171:8 174:3 183:14 196:23 198:20 205:24	<b>talks</b> [4] 111:8 149:19 158:9 194:5	<b>they've</b> [6] 51:22 56:20 122:11,11 134:22 210:3	<b>totally</b> [3] 121:13 180:4 213:15	<b>typically</b> [1] 48:15
<b>suddenly</b> [1] 55:19	<b>target</b> [12] 3:11,13,19,21 3:25 4:7,11,14,18,19,25 48:13	<b>thirteen</b> [1] 114:18	<b>touch</b> [2] 167:21 207:6	<hr/> <b>-U-</b> <hr/>
<b>sufficient</b> [2] 23:14 92:12	<b>targets</b> [1] 5:3	<b>Thornton</b> [3] 11:7,7,9	<b>touched</b> [1] 100:7	<b>Uh-hm</b> [3] 19:9,16 20:2
<b>suggest</b> [4] 27:23 28:13 92:9 182:24	<b>tax</b> [5] 107:18 108:5,9,10 161:2	<b>Thornton's</b> [1] 9:7	<b>towards</b> [2] 138:13 143:1	<b>ultimate</b> [2] 31:21 175:24
<b>suggested</b> [4] 176:18 181:13 184:12 185:12	<b>team</b> [1] 107:12	<b>thought</b> [10] 26:19 49:4 86:3 89:9 93:7 99:8,17 122:1 144:7 187:4	<b>tracks</b> [1] 60:19	<b>ultimately</b> [2] 1:20 161:13
<b>suggesting</b> [2] 112:24 159:23	<b>teen</b> [3] 148:23,25 209:9	<b>thousand</b> [2] 132:20 217:9	<b>transcribed</b> [1] 220:8	<b>unable</b> [1] 100:20
<b>suggestion</b> [1] 158:9	<b>teens</b> [3] 148:7,12 209:8	<b>threaten</b> [1] 97:13	<b>transcript</b> [7] 2:17 35:5 37:7 160:20 186:25 187:21 220:3	<b>unbalanced</b> [1] 193:11
<b>summarize</b> [5] 137:1 169:18 170:4 176:20 207:9	<b>telephone</b> [5] 141:9,11 141:13 151:20 152:5	<b>three</b> [16] 18:25 38:16 39:3 58:10 79:16 80:12 80:13 125:24 134:18 143:24 145:10,17 171:3 209:2,3 210:1	<b>transfer</b> [1] 161:1	<b>uncertainty</b> [5] 41:19 84:13,15 85:13 90:2
<b>summary</b> [2] 97:8,9	<b>telling</b> [1] 146:9	<b>three-year</b> [3] 80:7 203:15,18	<b>transfers</b> [1] 122:22	<b>under</b> [16] 9:12 18:7 19:4 23:17 72:13 97:24 100:8 100:25 134:9 135:20 143:4 154:4 156:4 160:14 194:23 212:25
<b>summation</b> [1] 58:22	<b>tells</b> [3] 44:1 61:4,7	<b>threes</b> [2] 144:25 209:25	<b>translate</b> [2] 39:21 217:15	<b>underlying</b> [1] 133:4
<b>supplemented</b> [1] 157:17	<b>ten</b> [1] 217:3	<b>through</b> [34] 14:9 29:13 38:12 54:4 61:18 69:8 73:13 85:8 96:2,4 106:12 106:23,24 127:3,14 128:2 137:18 138:23 152:12 153:7,19 157:21 164:7 177:18 184:20 187:7 189:11 203:2,16 205:13 207:14 214:1 217:19,19	<b>translates</b> [1] 13:8	<b>understand</b> [33] 2:1 11:3 16:6 25:3 27:22 28:20 30:11 40:10 53:10 62:1,6 66:4 94:12 102:14 103:9 106:25 107:23 118:10 130:1 134:5,9 135:3 152:7 169:18 170:6 176:22 177:11 181:13,22 200:4 207:9 208:18 211:15
<b>supply</b> [3] 46:16 91:6 217:19	<b>tend</b> [3] 31:17 108:9 138:19	<b>throughout</b> [1] 163:21	<b>transmission</b> [7] 54:23 55:1,11 56:3 57:9 109:4 143:11	<b>undertake</b> [3] 169:20 171:19 187:5
<b>support</b> [10] 14:24 111:20 148:2,18 150:19 150:21 209:24,24 210:3 210:15	<b>term</b> [28] 3:12 5:20 6:2 28:4 42:1,4,5,14,15 59:24 60:2,2,19,21 61:5 61:8 68:24 69:14,17 75:3 75:17 136:14,19 147:24 158:4 161:19 162:2 163:2	<b>throw</b> [2] 149:22 170:14	<b>transpired</b> [2] 47:23 174:25	<b>undertaking</b> [2] 76:17 128:14
<b>supportive</b> [4] 111:1,10 111:12,23	<b>terms</b> [47] 2:21 18:15 26:8,11 30:6 39:14 44:16 47:23 53:5 55:10,18 57:8 64:10 65:10 67:8 68:18 69:25 71:1,21 73:25 74:22,24 75:21 77:24 81:13 85:23 94:13 95:9 101:10 106:2 108:13 117:18 119:4,25 128:23 129:25 130:1 140:20 149:17 151:25 159:20 162:11 193:14 198:2 201:23 208:25 210:2	<b>Thursday</b> [1] 33:22	<b>trend</b> [11] 136:11,14,16 136:22 137:2,9,13 138:20 140:8,11,14	<b>unexpected</b> [1] 46:19
<b>supportiveness</b> [1] 110:22	<b>test</b> [68] 44:23 46:14 81:1 81:4,10,22 83:1,2,20,21 87:4,16,20,24 88:17 89:13,15,20 90:3,5,9,16 90:17,18,22,25 91:8,9 91:15,19 92:5,6,15,22 93:1,5,25 94:6,8,10,23 95:1,11 96:8,9,17 97:12 97:21 98:3 99:5,16,19 102:1 109:13 123:2,7,14 127:10 131:13 135:17 166:25 168:21 174:23 183:14 205:19 216:1,1 217:9	<b>tie</b> [2] 15:21 22:2	<b>trends</b> [1] 140:13	<b>unfair</b> [12] 32:7 33:19 33:20 34:14 35:25 36:5 78:24 85:10 156:21 179:16 196:14 203:3
<b>supports</b> [1] 209:1	<b>testified</b> [5] 40:1 111:5 141:16,21 160:20	<b>timeframe</b> [1] 100:14	<b>tried</b> [2] 40:7 182:9	<b>Unfortunately</b> [1] 152:24
<b>surely</b> [3] 42:7 92:24 99:24	<b>testimony</b> [10] 6:19 34:5 55:7 60:14 68:16 71:5 106:5 141:19 157:24 160:12	<b>timeliness</b> [2] 44:21 45:12	<b>trigger</b> [7] 174:7 197:6 198:20 199:3,25 200:7 201:15	<b>uniform</b> [1] 214:3
<b>surface</b> [1] 183:11	<b>thank</b> [10] 1:15 6:18 7:8 60:16 87:1 97:3 129:7 166:5 218:14,16	<b>timely</b> [2] 45:8 100:22	<b>triggered</b> [3] 197:10 198:14,23	<b>unimpeded</b> [1] 103:16
<b>surprise</b> [1] 136:15	<b>themselves</b> [2] 138:3 153:9	<b>times</b> [13] 19:12 81:10 143:17,21,21 145:10,17 147:2,15 148:6,6 149:19 209:2	<b>trouble</b> [2] 174:14 194:3	<b>unique</b> [2] 99:23 213:15
<b>surprised</b> [2] 110:24 141:22	<b>theory</b> [1] 136:9	<b>timing</b> [6] 83:4 85:5 87:7 127:22 138:9 203:8	<b>troublesome</b> [1] 68:17	<b>Unit</b> [1] 97:14
<b>survey</b> [1] 114:6		<b>tinker</b> [1] 25:7	<b>true</b> [7] 21:24 54:11 58:22 61:17 130:21 136:9 220:3	<b>United</b> [6] 78:4 97:22 102:20 114:4,6,11
<b>survive</b> [1] 149:24		<b>today</b> [21] 14:25 69:15 91:4 95:14 97:13 125:6 138:14 160:11 164:17,18 165:9 193:2,13 195:10 201:1,4,11,19 202:21,23 203:6	<b>trump</b> [1] 211:17	<b>unjust</b> [1] 179:16
<b>suspect</b> [6] 81:6 95:1 105:14 140:15 197:16 200:14		<b>today's</b> [1] 60:11	<b>try</b> [8] 85:12,15 87:8 111:14 146:3 151:6 155:18 181:25	<b>unknown</b> [3] 68:23 69:6 85:14
<b>suspend</b> [3] 35:11 179:17 181:2		<b>together</b> [2] 25:1 128:7	<b>trying</b> [12] 25:5 73:12 92:19 137:1 140:7 163:6 176:8 181:22 192:4 194:15 199:5 211:15	<b>unless</b> [5] 24:14 133:11 171:13 200:22 201:7
<b>suspended</b> [8] 156:24 158:3 169:22 180:2,5,6 180:12 183:7		<b>Tom</b> [1] 9:14	<b>turn</b> [17] 1:23 9:6 18:22 38:3 63:12,20 114:23 119:19,19 126:2 134:16 142:23 145:6,18 146:25 154:22 172:12	<b>unlikely</b> [2] 147:23 207:23
<b>suspending</b> [1] 180:15		<b>tomorrow</b> [4] 165:5,9 165:12 218:19	<b>turning</b> [1] 135:16	<b>Unlimited</b> [1] 220:13
<b>suspension</b> [1] 77:21		<b>too</b> [2] 24:23 110:16	<b>turnover</b> [1] 153:8	<b>unpractical</b> [1] 141:1
<b>sustained</b> [3] 148:3 149:21 150:22		<b>took</b> [8] 5:7 38:19 170:4 171:14 179:6 207:14 208:6 209:7	<b>two</b> [34] 14:15 19:3 23:15 23:22 25:17 26:4 38:16 39:3 61:19 62:7 77:10 81:22,24 87:3 88:22 95:23 110:19 120:17 125:23 129:20 132:11 134:16,17 171:2 181:15 181:23,24 182:9 183:4 183:13 194:23,24 213:6 217:9	<b>unreasonable</b> [2] 88:9 194:12
<b>swapping</b> [1] 67:3		<b>tool</b> [1] 156:1	<b>two-pronged</b> [1] 150:17	<b>unsecured</b> [4] 64:16 72:12 74:16 75:3
<b>sync</b> [1] 213:19		<b>top</b> [3] 39:18 85:16 97:7		<b>unsettled</b> [1] 170:7
<b>system</b> [1] 46:17		<b>topic</b> [6] 59:5 76:23 126:2 160:5 203:12 213:8		<b>unusual</b> [1] 69:3
<hr/> <b>-T-</b> <hr/>				

<b>unusually</b> [1] 103:1 <b>up</b> [49] 8:2 9:6 14:21 17:16 18:18 19:6,12,14 21:9 23:5 31:22 44:3,24 63:12 65:21 81:7 85:13 87:3 93:1 102:18 105:14 114:22 115:24 116:11,15 128:6 129:6 131:10 132:14,17 138:5 140:6 141:12 150:10 153:13,14 155:11 157:10 159:17 160:21 165:12 182:12 184:18 190:19 197:7 204:22 208:7 214:14 215:15 <b>upcoming</b> [2] 87:12 119:1 <b>update</b> [6] 127:19 131:8 131:24 132:18 167:25 168:2 <b>upper</b> [2] 10:2,11 <b>ups</b> [1] 71:13 <b>upward</b> [1] 25:8 <b>upwards</b> [1] 127:10 <b>urbanization</b> [1] 54:12 <b>usage</b> [1] 140:8 <b>used</b> [25] 3:11,13 4:19 34:25 72:13 101:25 126:17 156:1 159:21 166:17 167:6 184:23,25 189:12,19 191:22 192:1 193:10 194:1 198:10,13 205:21 212:6 215:24,25 <b>using</b> [5] 92:1 94:23 138:25 158:6 194:18 <b>usually</b> [3] 69:4 152:25 171:2 <b>utilities</b> [36] 15:25 18:6 27:15 33:16 35:16 41:9 44:11,13 45:15 48:16 50:12 52:6 57:8 58:4 65:13 66:24 96:18 97:11 98:5 100:9 101:19 102:22 105:10 108:3 113:4,20 114:9,10,18 116:18 121:22,24 142:5 143:14 149:7 220:7 <b>utility</b> [52] 13:15 16:2 17:10 25:18 26:23 27:13 33:7 44:4 46:4 49:2 50:3 50:21 51:3,25 56:23 58:8 60:20 61:8,8 65:2,23 68:8 73:22 78:7 84:8,14 84:17 85:1 86:4 92:12 94:23 96:9 98:3,24 99:17 105:7,21 106:22 108:21 108:24 109:3 149:5 150:9 158:7 174:8 185:13,21 188:22 190:12 195:24 199:19 211:19 <b>utility's</b> [10] 84:9 182:6 182:17 183:15 191:12,15 193:4,8 196:9 199:1 <hr/> <b>-V-</b> <hr/> <b>valid</b> [1] 183:12 <b>validated</b> [1] 31:5 <b>value</b> [3] 6:5 7:4 126:18	<b>values</b> [4] 117:21 118:8 118:16 119:5 <b>Vander</b> [4] 17:16 40:8 183:24 184:2 <b>variability</b> [5] 117:8,18 117:20 119:6 121:3 <b>variable</b> [3] 136:20 181:25 182:9 <b>variables</b> [2] 138:5 162:10 <b>variance</b> [3] 91:6 114:12 122:23 <b>variances</b> [1] 45:13 <b>variations</b> [1] 112:12 <b>various</b> [1] 40:11 <b>vary</b> [1] 115:20 <b>Vectren</b> [1] 106:24 <b>vehemently</b> [1] 165:20 <b>verses</b> [3] 92:21 189:19 191:22 <b>version</b> [1] 131:17 <b>versus</b> [3] 158:15 180:15 188:2 <b>vertically</b> [5] 16:9,21 17:3 57:9 109:5 <b>via</b> [1] 213:25 <b>Vice</b> [1] 2:2 <b>view</b> [14] 28:2 31:19 44:24 69:15 88:18 106:14 138:9 144:22 146:18 177:4 178:6 179:14 195:25 211:7 <b>viewed</b> [5] 25:22 69:13 87:13 102:3 175:21 <b>visibility</b> [6] 88:8,14,15 88:18 95:9 99:4 <b>volatile</b> [1] 112:17 <b>volatility</b> [11] 113:10,17 116:4,10,23 120:15,20 120:25 121:8 125:15 130:4 <b>volumes</b> [1] 97:16 <hr/> <b>-W-</b> <hr/> <b>waders</b> [1] 160:5 <b>wait</b> [1] 82:13 <b>walk</b> [2] 152:11 153:18 <b>Wall</b> [1] 72:17 <b>wants</b> [1] 106:3 <b>warranted</b> [1] 171:8 <b>ways</b> [3] 46:12 71:15 132:11 <b>weaker</b> [8] 142:2,20 143:5,9 144:2 148:3 149:10 157:1 <b>weather</b> [21] 111:25 112:1,3,9,12,16,18,21 112:25 113:8,14,21 114:11,12 115:9,15 116:3 116:8,14,19,22 <b>website</b> [2] 133:20 155:7 <b>Weide</b> [3] 17:16 183:25 184:2	<b>Weide's</b> [1] 40:8 <b>weigh</b> [1] 52:22 <b>WELLS</b> [1] 129:12 <b>whereas</b> [2] 65:24 192:20 <b>whole</b> [1] 81:18 <b>wires</b> [1] 17:4 <b>wish</b> [1] 155:17 <b>withdrawn</b> [1] 100:17 <b>within</b> [23] 3:20 8:17 9:3 10:16 20:6 43:11,25 46:20 65:13 75:5 114:10 124:7,11 140:10 171:15 173:6 190:13 201:12 207:13,20 208:21 209:17 211:3 <b>without</b> [17] 78:1,8 84:19 90:1,2 95:21 102:3,12 103:24 112:15,17 127:17 128:8 145:20 148:9 153:14 205:7 <b>witness</b> [8] 7:8 41:15 106:8,14,21 111:3 165:23 166:3 <b>witnesses</b> [6] 14:13 15:2 15:9 72:4 102:19 106:5 <b>wonder</b> [4] 76:15 184:17 213:10 215:15 <b>wondering</b> [2] 111:10 214:14 <b>word</b> [2] 112:10 137:6 <b>words</b> [4] 34:25 111:15 190:8 193:10 <b>worked</b> [5] 100:18 176:23 178:5 180:2 189:10 <b>workings</b> [1] 181:22 <b>works</b> [1] 194:11 <b>world</b> [1] 120:24 <b>worried</b> [2] 127:17,18 <b>worry</b> [1] 125:2 <b>worse</b> [2] 4:22 104:3 <b>worthy</b> [2] 105:23 206:20 <b>write</b> [3] 107:25 108:5,8 <b>writing</b> [2] 140:18 152:2 <b>written</b> [3] 32:1,3 153:15 <b>wrong</b> [1] 155:4 <hr/> <b>-X-</b> <hr/> <b>x</b> [1] 26:7 <hr/> <b>-Y-</b> <hr/> <b>year</b> [102] 7:16,22 8:12 32:22,23 39:18,20 42:22 42:24 43:11 46:6 47:3,9 61:20 79:17 81:2,4,4,11 83:1,2,20,20,21,21 84:14 85:8 86:6 87:9,12,16,20 87:25 88:17 89:13,15,20 90:3,9,16,17,18,23 91:1 91:9,9,15,19 92:5,6,14 92:22 93:1,5 94:6,8,23 95:11,20 97:12 98:3 99:5	99:16,19 102:12 103:24 109:13 115:12 116:5,5 116:12 118:23 119:2 120:18 122:24 123:2,3,7 123:10,14 126:20 127:10 131:13 135:18 139:18 146:19 150:13 151:7 166:25 168:12,16,21 172:11 178:6 194:19 204:13,13 205:20 208:1 216:1,1 217:9 <b>years</b> [52] 7:21 11:1,9 12:8 14:10 38:7,17 39:3 44:23 46:15 74:3 76:13 80:12,13 81:22,24 87:4 88:22,25 90:5 92:13,15 92:20 93:25 94:10 95:1 96:8,10,18 97:21 112:4 112:15 113:9,16 115:7 119:12 120:2 140:5,15 140:16 162:18,21 163:1 163:7,7,18,21,25 171:3 174:23 175:1 183:14 <b>yesterday</b> [6] 16:6 28:21 31:6 40:1 55:7 155:8 <b>yet</b> [6] 53:3 122:17 127:3 131:15 169:7 193:3 <b>yield</b> [13] 60:21 61:8 70:17 74:7 164:24 187:12 188:5 189:14,19 192:10 193:7 194:20,22 <b>yields</b> [18] 33:4 60:20 61:5 73:20,21 156:15 182:1,5,11 185:2 190:4 191:11,14 192:22 193:13 195:12 196:9,23 <b>York</b> [1] 142:5 <b>yourselves</b> [1] 87:22
--	---	--	--